ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER

2016

Company Registered No. 4948078

CENTAUR
MEDIA

CENTAUR MEDIA:

INSPIRES AND ENABLES

Expert content and insight, engaging events, smart digital technology

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INTRODUCTION

FINANCIAL HIGHLIGHTS

- Reported revenues +3% to £72.5m; underlying[1] revenues +2%
    - Digital premium content revenues +19% (reported and underlying[1])
    - Underlying live events revenues +10%; reported live events revenues +13%
    - Advertising revenues -10% (reported and underlying[1])
- Adjusted operating profits[2] £9.1m (2015: £10.5m); adjusted[2] operating margin 12.6% (2015: 14.9%)
- Reported operating loss narrowed to £3.9m (2015: £4.7m)
- Strong cash flow performance:
    - £12.4m positive working capital swing from a £6.4m outflow in 2015 to a £6.0m inflow in 2016
    - Adjusted operating cash flow[3] of £13.9m (2015: £3.3m) with cash conversion[4] of 153% (2015: 31%). Operating cash flow of £15.3m (2015: £6.1m)
    - Further reduction in net debt[5] to £14.1m (2015: £17.9m)
- A reported loss before tax of £4.4m (2015: £5.6m) was driven by a non-cash impairment of goodwill charge of £7.2m (2015: £11.9m), an additional, separately reported charge for impairment of trade receivables of £1.8m (2015: £nil) and £1.2m (2015: £0.7m) of exceptional operating costs relating to restructuring.
- Adjusted[2] diluted EPS of 4.5 pence down 15% (2015: 5.3 pence). Diluted EPS of (3.8) pence (2015: (4.8) pence)
- Final dividend of 1.5p making total for the year of 3.0p, in line with last year

STRONG OPERATIONAL PROGRESS

- Improving revenue mix:
    - Digital revenues increase by 9% from £27.6m to £30.0m
    - Digital premium content increase by 19% from £14.5m to £17.3m
    - Underlying[1] exhibition revenues increase by 13% from £13.5m (excluding *AMS*) to £15.3m
- Focusing on priority markets:
    - *Oystercatchers* acquisition adds additional dimension to Marketing segment offer
    - Evaluating acquisition opportunities in core markets to further reinforce B2B core offering
    - Exploring disposal of Home Interest during 2017
- Monetising content:
    - *Lawyer.com* paywall in place, premium content growth +48%
    - *Marketing Week* launches successful Elearning platform
- Digital publishing migration:
    - Application of WordPress platform
    - Improved unique users across all publishing brand sites
- Swag Mukerji appointed to Board as Chief Financial Officer
- The fall in high margin advertising revenues will result in a 2017 profit reduction which is expected to reverse in 2018 as the strategy to address the industry trend by monetising content and expertise materialises

1 Underlying revenue growth rates adjust for the acquisition of *Oystercatchers* and the biennial contribution from *The Advanced Manufacturing Show* ('*AMS*') in 2015. See note 1(b) to the financial statements.
2 Adjusted results exclude adjusting items, as detailed in note 1(b) to the financial statements.
3 See note 1(b) to the financial statements for explanation and reconciliation of adjusted operating cash flow.
4 Cash conversion is calculated as adjusted operating cash flow / adjusted operating profit.
5 See note 1(b) to the financial statements for explanation of net debt and note 26 for a reconciliation to statutory measures.

CHAIRMAN'S STATEMENT

Dear Shareholder

In last year's Chairman's Statement, I referred to Centaur's transformation programme and I am pleased to report a year of further encouraging progress. The investment made in the last three years in our platform infrastructure has improved our operational capabilities and as a result we have seen further good growth in our digital offering and a strengthening of our leading brands.

The industry-wide headwinds of falling advertising expenditure, especially in relation to print, continued in 2016 and these accelerated as a result of uncertainty introduced by the EU referendum. Centaur reacted promptly by addressing our actual and planned cost base to save £2m of costs.

The reduction in print advertising had a negative impact on Group profit margins due to the high 'drop through' of this revenue stream. This has further reinforced our determination to reduce as far as possible our reliance on advertising revenues, whilst focusing our efforts on those sectors that offer attractive long-term growth and profit opportunity.

We continue to seek carefully targeted acquisitions in these priority sectors and we were pleased to acquire *Oystercatchers*, a specialist marketing consultancy, in September. *Oystercatchers* is already having a positive impact across the business as a whole. It has an excellent roster of clients, as well as talented management. Together with *Econsultancy* and Centaur's other marketing assets, *Oystercatchers* enhances our Group-wide marketing services capabilities, offering opportunities for us to cross-sell services to a wider client base as well as a broader geography.

The Board believes that the Home Interest portfolio is no longer core to Centaur's B2B focus and that as a distinct business unit, it will accelerate its growth under more aligned ownership. Accordingly, during 2017 we have commenced a process to sell this portfolio.

The Board is confident that the Group is headed firmly in the right direction and the strengthening of the management team in 2016 will ensure this remains the case. Centaur has a number of leading brands, the value of which will become increasingly apparent over time.

Results and dividend

In 2016, Centaur's underlying[1] revenues were up 2% to £71.3m, and up 3% to £72.5m on a reported basis. Adjusted operating profit[2] declined by 13% to £9.1m, and adjusted[2] diluted earnings per share fell by 15% to 4.5 pence.[6]

In light of this performance, the Board is recommending a final dividend of 1.5 pence per share, to give an unchanged total dividend for the year of 3.0 pence per share.

Governance

Centaur remains fully committed to the highest standards of corporate governance, and the Board takes very seriously its duties to operate with integrity, transparency and clear accountability. It also pays close attention to understanding and managing risk. Detail of what this means in practice, including the Board's oversight of the order to cash cycle following the implementation of a new accounting system in the second half of 2015, for the Board and its Committees, is contained within the Governance section of the annual report.

Board changes

Our Senior Independent Director, Chris Satterthwaite, stepped down during 2016 after 9 years as a Non-Executive Director of the Group. Chris's commitment and contribution to Centaur were outstanding, and I would like to thank him on behalf of everyone at Centaur for his wise counsel over the years.

Chris was succeeded as Senior Independent Director by William Eccleshare who is Chairman and CEO of Clear Channel International. William joined the Board on 1 July 2016 and his experience in the media industry will be of great benefit to Centaur going forward.

We were very pleased to appoint Swag Mukerji as Chief Financial Officer and to the Board in October 2016. Previously Swag had a number of senior finance and general management roles with both blue chip FMCG companies and private equity backed businesses. Swag replaced Mark Kerswell who resigned as Group Finance Director in July 2016 after five years with the Group. I am delighted to welcome William and Swag to the Group.

2016 has been a year of steady progress despite a more challenging trading background. I would like to extend my thanks to everyone in the Group for working so hard to achieve this.

Ron Sandler
Chairman
28 March 2017

6 On a reported basis the Group made an operating loss of £3.9m (2015: loss of £4.7m). This included a non-cash charge in relation to an impairment of goodwill of £7.2m (2015: £11.9m), and an additional, separately reported charge for impairment of trade receivables of £1.8m (2015: £nil). Diluted EPS is (3.8) pence (2015: (4.8) pence).

STRATEGIC REPORT

CHIEF EXECUTIVE'S REPORT

Overview

"We've delivered results for the year in line with expectations despite continuing headwinds in the advertising market.

We achieved these results whilst managing significant change in the business, as we reposition Centaur for the future. We have made good progress with our revenue mix, with digital increasing to 41% of total revenues.

Whilst the state of the advertising market continues to present us with near term challenges in some of our portfolio, we expect increasing digital subscription revenues to benefit performance in future years. We are confident that our strategy of converting non-paying readers into paying customers is building long term value for our shareholders."

Andria Vidler, CEO

Despite a challenging marketplace, we are pleased to report a year of progress. The investments made over the past three years in our infrastructure have improved our operational capabilities. As a result, we have seen further good growth in our digital offering and a strengthening of our leading brands.

The challenging trading environment, particularly in relation to print accelerated in the run up to the EU referendum. Centaur reacted promptly, by saving and avoiding £2m of costs.

The fall in high margin advertising revenues will inevitably result in a short-term profit reduction. However our strategy is to address this industry trend by monetising our content and expertise. The growth of our digital premium content demonstrates progress in this strategy and we are confident that this will benefit our financial performance in the medium term.

We constantly assess opportunities to the Group's portfolio around our B2B portfolio and continue to seek acquisitions that enhance our offer to our customers. In September, we acquired *Oystercatchers*, a specialist marketing consultancy, which is already adding value.

Current trading and outlook

We have delivered results for 2016 in line with expectations, despite a strong headwind in the advertising market. We achieved these results whilst managing further significant changes in the business.

In the first months of the current financial year, the advertising market remains challenging. We are therefore committed to focusing even harder on building digital subscriptions and de-emphasising our print revenues.

As we enter the next chapter in reshaping Centaur, the investment we are making into our digital products and improved overall revenue mix will increasingly enhance performance going forward. We remain confident that our strategy is building long-term value for our shareholders.

Results and dividend

Revenues for the year ended 31 December 2016 were £72.5m, with underlying[1] revenue growth of 2% (reported revenue growth of 3%), driven principally by growth in digital premium content and live events. Adjusted operating profits[2] for the same period were £9.1m (2015: £10.5m), with an adjusted operating profit margin of 12.6% (2015: 14.9%). On a reported basis the Group made an operating loss of £3.9m (2015: loss of £4.7m), driven by a non-cash charge in relation to an impairment of goodwill, an additional, separately reported charge relating to an impairment of trade receivables of £1.8m (2015: £nil) and an exceptional restructuring charge of £1.2m (2015: £0.7m). Diluted EPS was (3.8) pence (2015: (4.8) pence).

Net debt[5] at 31 December was £14.1m (2015: £17.9m), reflecting a very significant improvement in cash conversion[4] throughout 2016 at 153% (2015: 31%).

In 2016 our digital premium content revenues grew by 19% and our total digital and live events revenues accounted for 84% of Group revenues (2015: 78%).

We responded to the decline in advertising by initiating a programme of restructuring and cost reduction across central overheads as well as those parts of the business that remain advertising dependent. These initiatives were completed in the second half of 2016 and delivered annualised savings of £2m. We continue to focus on our costs during the current year.

In light of this performance, the Board is recommending a final dividend of 1.5 pence per share, to give an unchanged total dividend for the year of 3.0 pence per share.

Group Operating Review

Revenues and operating results for the years ended 31 December 2016 and 31 December 2015 are set out below.

	2016	2015	Reported growth	Underlying growth[1]
	£m	£m	%	%
Revenue	**72.5**	70.5	3%	2%
Operating loss	**(3.9)**	(4.7)	17%	
Operating margin	**(5.4)%**	(6.7)%		
Adjusted operating profit[2]	**9.1**	10.5	(13)%	
Adjusted operating margin[2]	**12.6%**	14.9%		

Also summarised on the same basis as above are the trends across the Group's three core revenue categories: premium content, live events and advertising.

	2016	2015	Reported growth	Underlying growth[1]
	£m	£m	%	%
Premium content	**20.8**	19.9	5%	5%
Live events	**30.7**	27.2	13%	10%
Advertising	**20.2**	22.5	(10)%	(10)%
Other	**0.8**	0.9	(11)%	(11)%
Total revenues	**72.5**	70.5	3%	2%

On an underlying[1] basis, digital premium content revenues grew by 19% to £17.3m (2015: £14.5m) and total premium content revenues grew by 5%, with good momentum across the Group's digital subscription products, including *Celebrity Intelligence*, *Fashion & Beauty Monitor* and *Econsultancy*.

Reported live events revenues reflect the acquisition of *Oystercatchers* in 2016 and the biennial AMS event in 2016. Adjusted for these items, underlying[1] revenues grew by 10%, reflecting further strong performances from the larger events in the Group, offset by weakness in smaller, more sponsorship-dependent events. Exhibition revenues contributed £15.3m (2015: £13.5m) to underlying[1] live events revenues in 2016.

Total advertising revenues declined by 10%, with a weakening ahead of the UK's EU referendum. Within this, digital revenues were down 3%, while print advertising declined by 20%. This weakness accelerated through the year, with total advertising revenues falling by 6% in the first half and 13% in the second half, as compared to 2015.

Deferred revenues at 31 December 2016 of £16.9m were in line with the same time last year (2015: £17.0m). Growth in digital and live events deferred revenues has been offset by a decline in print deferred revenue and timing differences around invoicing.

Adjusted operating profits[2] of £9.1m (2015: £10.5m) declined by £1.4m, reflecting strong performances in Marketing and Home Interest offset by a decline in advertising revenues and an increase in commercial investment. The fall in adjusted operating profit[2] margins to 12.6% (2015: 14.9%) reflects these trends with a high level of operational gearing attached to advertising revenues. After adjusting items, the Group made an operating loss of £3.9m (2015: £4.7m), primarily driven by a non-cash impairment of goodwill in the Financial Services sector (2015: Professional sector), an additional, separately reported charge in relation to the impairment of trade receivables of £1.8m (2015: £nil) and exceptional restructuring costs of £1.2m (2015: £0.7m).

Significant progress has been made on reducing receivables and collecting cash during the year, with receivables falling to £14.6m from £20.6m in December 2015 (and £22.4m in March 2016). The rate of cash conversion[4] was 153% (2015: 31%) driving a reduction of net debt[5] to £14.1m at the end of December 2016 (2015: £17.9m). Leverage (net debt[5] to adjusted EBITDA[7]) at 31 December 2016 was 1.1 times (2015: 1.3 times), and 1.0 times excluding the impact of *Oystercatchers*.

Review of operations

Centaur has evolved from its controlled circulation advertising legacy to a more focused, digitally aligned group. It now offers market insight, data, advice, consultancy and events that enable businesses to optimise their performance. By using the skills, data, communities and unique market knowledge from our publishing heritage we are increasingly producing and distributing thought leadership, specialist content and effective online tools. Together with the bespoke marketing solutions that leverage our deep relationships, these products and services are highly valued and are increasingly monetised by direct sale to our customers, rather than being supported by advertising revenue.

Despite market challenges, we have benefited from good progress with a number of our initiatives:

- All publishing sites are now functioning on a common, fully-responsive digital platform
- 'DoubleClick For Publishers' rolled out across all publishing sites to enable better insight and use of available inventory as well as programmatic products to ensure inventory is being sold across all available segments
- Re-energised legacy brands, with improved product offering enabling our teams to begin new conversations with clients, in turn leading to stronger partner-client relationships around content marketing
- Sales teams mostly operating on the same CRM system, enabling each portfolio to identify key account managers who could facilitate broader conversations across the Group

In respect of our four market segments, 69% of Group revenues are weighted towards the Marketing and Professional segments, with Financial Services and Home Interest accounting for the remainder.

Across each of these segments we are pursuing common operational strategies that:

- Put our customers at the heart of what we do by evolving the brands they trust and developing new products that significantly enhance to their performance
- Accelerate our digital growth and reduce our exposure to print advertising
- Improve customer experience in every contact with the Group, ensuring high customer satisfaction and a business partnership relationship
- Increase agility, co-operation and efficiency across all of our operations

7 Refer to note 1(b) to the financial statements for explanation and reconciliation of adjusted EBITDA

Portfolio Review

Marketing

This segment includes all of the Group's brands that serve marketing and creative professions in key market sectors, including *Econsultancy*, *Marketing Week*, *Festival of Marketing*, *Celebrity Intelligence*, *Fashion & Beauty Monitor*, *Design Wee*k, *Creative Review* and *Oystercatchers*.

Driving digital innovation has been the key focus for the segment during 2016 with around 20% of its underlying[1] revenue growth coming from new product development. *Marketing Week*, in conjunction with *Econsultancy*, launched its first digital Elearning course (the Mini MBA in Marketing) as part of developing a Centaur-wide online classroom platform to increase both public and corporate training revenue streams.

Marketing Week, alongside *Creative Review* and *Design Week*, has also introduced new specialist content including career development and leadership seminars which proved popular and has enabled them to launch new paid-for products. Due to the success of *Marketing Week's* digital offering we have been able to accelerate the shift away from print-based revenue streams. *Marketing Week* reduced the frequency of its print magazine issues in 2016 and will continue this shift in 2017.

Focused on connecting media agencies and brands with data, news, events and content, *Fashion & Beauty Monitor* and *Celebrity Intelligence* both improved their performance by introducing market insight and research reports. During 2017, the incorporation of real-time data feeds will enable greater automation and cost reduction, and improve the product offering and market competitiveness.

Econsultancy performed well in 2016 with 25% growth in subscription revenues which now represent 46% (2015: 41%) of its total revenues. Our sales and content teams have now been realigned on a core sector basis to build deeper customer-focused relationships through enterprise partnerships, tailored marketing and more sector specific content. *Econsultancy* also launched an online classroom in response to market demand for customised capability and on-demand solutions. This innovation will enable increased yields as part of its new premium subscription offering.

While *Oystercatchers* was only part of Centaur for the final quarter, its strong performance in 2016 confirms the reasons for its acquisition. Its expanded offering covers five disciplines of consultancy, predominantly focused around building more effective agency/client relationships: ways of working, agency evaluation, marketing model recommendation, training and pitches. This expansion has enabled it to attract a powerful client portfolio (including Coca Cola, EY, Sainsbury's, TSB and Royal Mail). In addition, its Marketing Excellence Training programme was named the UK's most acclaimed by TMT News in 2016. *Oystercatchers*, with its agency and consulting heritage, and *Econsultancy*, with its digital performance and training heritage, naturally form a strong combination. It is envisaged that *Oystercatchers*' senior client relationships will bring wider benefits to Centaur as a whole.

The Marketing segment has made significant progress, developing deep client relationships in order to sell multiple products across multiple brands. Revenues from the top 20 clients grew by 60% year on year, with three clients (2015: one client) delivering more than £0.5m of revenue through a combination of advertising, premium content and live events.

Operating Performance

	2016 £m	2015 £m	Reported growth %	Underlying growth[1] %
Revenue	**29.7**	27.0	10%	6%
Operating profit	**0.9**	2.2	(59)%	
Operating margin	**3.0%**	8.1%		
Adjusted operating profit[2]	**4.2**	4.1	2%	
Adjusted operating margin[2]	**14.1%**	15.2%		

There was good momentum across both digital premium content and live events revenues offset by a 7% decline in advertising revenues. Around 45% of this segment's revenues are derived from premium content, with 33% from live events and 22% from advertising. *Oystercatchers* contributed to reported revenue growth of 10% in this segment, with growth on an underlying[1] basis of 6%.

Digital premium content revenues grew by 13% in 2016, contributing £12.4m (42%) to reported revenues of £29.7m (2015: £11.0m, 41%). The sector experienced volatility in advertising revenues consistent with other parts of the Group, which finished the year 7% down vs prior year.

Festival of Marketing ran in November 2016 and reported revenues of £2.1m, in line with the 2015 edition of this event. Delegate and table revenues grew by 21%, offsetting the 9% decline in sponsorship income. The event featured around 250 speakers and more than 150 hours of content. Notable speakers included Apple founder Steve Wozniak and WPP's Sir Martin Sorrell. Customer satisfaction scores (NPS) have increased by 26 points year on year. *Festival of Marketing* is the only global event in its sector to have brand marketers now comprise over 60% of its customer base (competitors such as Cannes Lions and Advertising Week have 10-15%).

The decline in adjusted operating profits[2] and margin reflects the impact of weaker advertising revenues, investment into content and commercial teams and a higher depreciation charge reflecting the ongoing investment into the digital platforms across the Marketing segment. Reported operating profits were impacted by earn-out charges and relating to the *Oystercatchers* acquisition of £0.6m (2015: £nil), an additional, separately reported charge relating to the impairment of trade receivables of £0.8m (2015: £nil) and exceptional operating expenses of £0.4m (2015: £0.1m).

Outlook: this segment is expected to exhibit strong growth into 2017 driven by recurring digital premium content revenues and synergies arising from the *Oystercatchers* integration.

Professional

The Professional segment includes four subsidiary markets: Legal, Engineering, HR and Travel & Meetings, with around 60% of its revenue coming from live events. The Legal portfolio includes the print, digital and live event activities associated with *The Lawyer* and *Clean Energy Pipeline*. The principal assets in the segment are exhibitions, with supporting digital and print assets. Within the Engineering portfolio are *The Engineer* and *Subcon*, an exhibition that serves the sub-contractor industry. The HR portfolio includes *FEM*, *Employee Benefits* and *Employee Benefits Live*, and Travel & Meetings includes two exhibitions serving the Business Travel and Meetings markets.

The development of *The Lawyer's* content strategy continued to progress successfully, and in May we moved *The Lawyer's* premium content behind a pay wall, leaving recruitment and a minority of editorial content free to view. This is a significant development for *The Lawyer* brand following 25 years as a controlled circulation magazine which has now given *The Lawyer* a platform with reach, international opportunity and the ability to scale new premium content and data. The majority of top 50 UK law firms purchased a subscription to *The Lawyer's* premium content within the first six weeks of its launch. This development required investment during H1, but since launch has had a strong uptake and premium content revenue growth over the year was 48%.

The Lawyer Market Reports experienced impressive growth in 2016 with an increase in revenue of 65% year on year. A total of 16 reports were published in 2016 including the launch of the Global 200, a unique report containing the strategy, capability

and performance of the largest 200 law firms in the world ranked by their global revenues.

Behind the *TheLawyer.com* and *The Lawyer Market Reports* is an experienced content and research team which meticulously researches its market, gathers insight and uses its experience to layer trend analysis and comment onto data. This is a respected and highly-skilled team which understands the key take-outs and summaries that our customers want.

There is also a dedicated commercial team which account manages the top law firms to ensure that they get the best out of our reports service and data, enabling the business to sell additional products and drive higher renewal rates.

Across the Professional segment, the remaining assets are principally event based and performed well. Collectively, underlying[1] growth in exhibitions revenue was 19% (13% on a reported basis).

At *The Engineer*, the focus has been on the ongoing development of its digital products and online audience. Monthly page views have grown, with unique visitors up 8% year on year, and an increase in digital marketing solutions revenues of 4%. Good progress was made with developing brand-led events and the 'Collaborate to Innovate' conference was launched, a unique awards/conference event in its marketplace.

Subcon performed well with 6% visitor growth and strong underlying[1] revenue growth (excluding the biennial impact of *AMS*) supported by the launch of three new supplier zones and a focus on strengthening repeat business, along with a dedicated buyers programme.

Revenues at the *Business Travel Show* grew for the fifth successive year, up 32% from £1.7m to £2.3m. The year also saw the launch of the inaugural Business Travel Summit Amsterdam and a one-day London Business Travel Summit. Exhibitor and visitor satisfaction ratings continued to exceed industry benchmark standards, and visitor numbers rose by 6%, following a 24% rise in 2015.

Operating Performance

	2016 £m	2015 £m	Reported growth %	Underlying growth[1] %
Revenue	**20.2**	19.7	3%	5%
Operating profit / (loss)	**1.0**	(9.9)	(110)%	
Operating margin	**5.0%**	(50.3)%		
Adjusted operating profit[2]	**2.1**	2.2	(5)%	
Adjusted operating margin[2]	**10.4%**	11.2%		

The broad revenue split across the segment is 60% live events, 30% advertising and 10% premium content.

Legal revenues of £7.7m were 4% higher than last year, reflecting good growth in premium content revenues, offset by weaker advertising and live events revenues. Deferred revenues in the Legal portfolio were £0.9m at 31 December 2015, compared to £0.8m at the same time last year.

The Engineering portfolio reported revenues of £3.2m (2015: £3.6m). Adjusted for the absence of the biennial AMS event, underlying[1] revenues were flat. The HR portfolio reported revenues of £3.9m (2015: £4.6m) with ongoing weakness across all revenue streams. *The Meetings Show* continued to develop well in its fourth edition, but despite good revenue growth it is not yet achieving a satisfactory profit margin. Overall, the Travel & Meetings portfolio reported revenues of £5.4m (2015: £4.1m).

The decline in adjusted operating margins from 11.2% to 10.4% reflects weaker advertising revenues across the Legal, HR and Engineering portfolios with high drop through to profit, and the cost of strengthening the Legal portfolio's premium content offering. The segment saw a return to operating profitability following a non-cash charge relating to impairment of goodwill during 2015.

Outlook: this segment remains mixed, however it has encouraging opportunities across both *The Lawyer* and the exhibition brands, particularly *Business Travel*, which are all expected to add to the Group's recurring revenue streams through growing exhibition and digital subscription revenues.

Financial Services

Serving the retail financial services industry, this segment includes *Money Marketing*, *Fund Strategy*, *Mortgage Strategy*, *Corporate Advisor*, *Taxbriefs*, *Headline Money* and *Platforum*.

Platforum continued to build on its reputation as a key reference point for asset managers, life companies and platforms on retail investment distribution. Its research was referenced in earnings reports by industry leaders including Aegon and Hargreaves Lansdown. New research areas introduced in 2016 included the changing market for discretionary managed portfolios on platforms, and the rise of active and passive ETFs ('exchange-traded funds') as well as digital benchmarking.

Importantly, *Platforum* completed its transition to a subscriptions research business resulting in increased digital revenues of 123% (down 9% overall after accounting for the cessation of print revenues). *Platforum* deferred income increased 77%, demonstrating a strong pipeline of future subscription revenues. A key driver of growth in 2016 was *Platforum's* series of reports on European Fund Distribution which, due to a change in structure, now offer more in-depth analysis to customers. On the events front, the European Fund Distribution and DC2 events, and the launch of the *Money Marketing* Interactive Conference, were particular highlights.

Beyond *Platforum*, the Financial Services segment continued to offer a full annual calendar of events for all sectors of the financial services community including large scale multi-streamed events, awards which celebrate the best of the industry and exclusive invitation-only summits for industry leaders. We successfully leveraged the power and reach of the brands to develop sponsorship packages and used a central delegate sales team to ensure that we had the right calibre and volume of VIPs in attendance to give sponsors value and return on their investment.

2016 saw a marked improvement in customer satisfaction levels due to high quality engagement and far-reaching marketing and social media activity which has increased brand awareness for print and digital content platforms, as well as the transitioning of *Corporate Advisor* from print to digital format.

Operating Performance

	2016	2015	Reported growth	Underlying growth[1]
	£m	£m	%	%
Revenue	**9.7**	12.0	(19)%	(19)%
Operating (loss) / profit	**(7.2)**	1.5	(580)%	
Operating margin	**(74.2)%**	12.5%		
Adjusted operating profit[2]	**0.6**	2.1	(71)%	
Adjusted operating margin[2]	**6.2%**	17.5%		

This segment's revenues remain reliant on advertising, at 44% of the revenue mix, with 33% from premium content and 23% from live events. Reflecting the wider economic environment, advertising revenues of £4.2m (2015: £5.6m) declined by 25% year on year, with weakness being seen across both print and digital formats. The second half of the year was particularly volatile, with advertising revenues 35% below the same period last year. This weakness in advertising revenues masked strong growth in digital premium content revenues, aided by *Platforum's* transition from a report-based revenue stream to a digital subscription model.

Reflecting the weaker outlook in earnings relating to print and advertising earnings, a non-cash impairment of goodwill of £7.2m (2015: £nil) has been recorded in operating expenses, which is presented as an adjusting item. Digital premium content growth was offset by declines in print formats, leading to a fall in total premium content revenues of 15%. This segment's live events revenues depend on sponsorship and were impacted by the general fall in advertising spend, and as such were disappointing, with reported revenues of £2.2m, £0.2m lower than 2015. The decline in adjusted operating profit margins principally reflects the impact of high levels of operational gearing attached to weaker advertising revenues.

Outlook: despite the weakness reported during 2016, Financial Services has strong brands, premium content and an increasingly agile delivery platform. Changes in the sector arising from the UK's EU referendum result present a clear opportunity for the segment.

Home Interest

Homebuilding & Renovating ('*HB&R*') is the market-leading brand for delivering information and trusted advice for self-build projects and renovation work. The Home Interest segment also includes the live events and publishing assets across the *Homebuilding & Renovating*, *Real Homes* and *Period Living* brands.

This market segment has undergone a significant transformation over the last three years, delivering revenue CAGR of 9%. It is now the UK's leading provider of homebuilding and renovating information and boasts unrivalled scale and reach.

Originally separated between exhibitions and magazines, it now has a single management team that delivers a multi-channel portfolio that provides vital information and tools to its audience. The segment has 7 market leading exhibitions that are supported by print and digital assets. The integration of the three brands with a single commercial and content team has created a virtuous circle, with each brand driving additional revenue for portfolio products and services.

The investment priority for *HB&R* in 2016 was to grow its exhibitions business by attracting additional high-value visitors and quality exhibitors. The brand added more content stages and advice centres at exhibitions and implemented strategic marketing campaigns to attract more of its target audience. This marketing strategy resulted in a 12% increase in exhibitors and 9% increase in visitors, as well as a record 16% revenue growth and 70% re-book rate.

Data and subscriptions were also a focus in 2016. The *HB&R* brand has experienced a significant increase in digital engagement and its combined digital and print subscription offering, with a 5% increase in annual subscribers and 11% increase on our digital-only services. Since 2015, online advertising revenues and data-driven campaigns have increased by 28%, and mobile traffic has increased by 23%. Registrations for *HB&R's* 'Build Cost Calculator', an online tool that enables users to calculate the cost of building their own home, grew by 19% year on year.

Operating Performance

	2016 £m	2015 £m	Reported growth %	Underlying growth[1] %
Revenue	**12.9**	11.8	9%	9%
Operating profit	**1.4**	1.5	(7)%	
Operating margin	**10.9%**	12.7%		
Adjusted operating profit[2]	**2.2**	2.1	5%	
Adjusted operating margin[2]	**17.1%**	17.8%		

This segment continues to perform strongly. The broad revenue split across the segment is 50% live events, 30% advertising and 20% premium content. The live events portfolio has been consolidated around the *HB&R* brand and continues to demonstrate good momentum, with 2016 live events revenues 14% higher than 2015. Forward bookings for the *Homebuilding & Renovating* exhibitions are 10% ahead of the same period last year. Advertising revenues in this sector were resilient, with an increase of 14% year on year.

Adjusted operating profits[2] for the year were 5% higher than the £2.1m reported in 2015, with adjusted[2] operating margins at 17.1% (2015: 17.8%). This slight reduction in margin reflects the impact of higher depreciation and amortisation charges resulting from commercial investment.

Outlook: positive, as this business is in good shape to capitalise on strong brands and take advantage of increased demand around renovation and self-build.

The Board of Centaur believe that the Home Interest portfolio is no longer core to the Group's B2B focus and that as a distinct business unit, it will accelerate its growth under more aligned ownership. Accordingly, we have commenced a process to sell the business.

People

In order to maximise Centaur's potential the business needs a strong and talented team. In 2016 we restructured our senior team to position the business more strongly going forward. Linda Smith – who was a commercial consultant to Centaur in 2014 - joined us as Chief Operating Officer and Jane Turner joined us to head up the Marketing portfolio. Both bring a wealth of media-based management skills with them. Suki Thompson, one of the founders of *Oystercatchers* also joined the Executive Committee and Swag Mukerji, our new Chief Financial Officer, has replaced Mark Kerswell. I am delighted to have their collective experience on our leadership team.

This was the first full year of activity for the Development Board, a diverse team of employees selected for their commitment to Centaur's values whose remit is to 'change Centaur for good', acting as a communication channel between our wider workforce and the Executive Committee. The Development Board's feedback initiated a range of engaging initiatives such as our 'Skills and Support' programme of internal training, an inaugural 'Wellness Week' and a programme of social events and activities.

We adopt a proactive approach to diversity, according to factors including but not limited to gender, ethnicity, professional experience, nationality and age. In 2016, our male to female ratio was fairly balanced with an overall split of 59% women to 41% men and we have a particularly strong representation of women at a senior level. Two out of six (33%) of our Board members are female, and five out of seven (71%) of our Executive Committee are female. We proudly support flexible working opportunities, and 9% of staff are employed on a part-time basis.

The talent of some of our people has also received external acknowledgement. At the 2016 British Media Awards, Faye Bell, one of our *Econsultancy* team, won the Rising Star Award, while the Content Sales Team at *The Profile Group* and *Festival of Marketing* team both made the podium. *Marketing Week's* editor Russell Parsons won the New Editor of the Year award at The British Society of Magazine Editors Awards, and *Employee Benefits* won Pension/Benefits Publication of the Year at the Willis Towers Watson Media Awards.

This year's charity sponsorship, Childline, was a great success. Collections at our events raised £101,947, in addition to a £8,454 contribution from staff.

I would like to thank every member of the Centaur team for their hard work and commitment to the transformation of our business.

Summary

Centaur's heritage in creating market leading publishing brands has given us a deep understanding of the sectors in which we operate. We are committed to providing the best solutions for our customers, helping them optimise the growth of their businesses. As our progress in 2016 shows, we are investing in and evolving our leading brands to deliver this outcome to our customers as well as improving the quality and growth of our earnings for our shareholders.

In the first months of the current financial year, the advertising market has shown no signs of recovering. We are therefore accelerating our strategy to de-emphasise our print revenues in favour of digital subscriptions and improving accessibility to our digital content, whilst reducing the frequency of our print publications.

As we enter the next chapter in reshaping Centaur, the investment we are making into our digital products and improved overall revenue mix will increasingly enhance performance going forward. We remain confident that our strategy is building long-term value for our shareholders.

Andria Vidler
Chief Executive Officer
28 March 2017

STRATEGY

Centaur Media offers professionals products and services that accelerate their business performance. Our core objective is to deliver sustainable growth in revenues, profits and cash flow, and in turn increase shareholder value. To achieve this we have set out four strategic priorities. These are set out below alongside the initiatives we are taking to deliver these, the associated risks and the metrics against which we measure progress internally, certain of which contain other KPIs as set out on page 17. See pages 23 to 26 for a detailed explanation of the Group's principal risks.

PRIORITY	ACTIONS	KEY RISKS	METRICS
To be the most knowledgeable, connected and authoritative experts in our markets	The Group focuses on core markets enabling a deeper understanding and connection with the community	• Replication of our products by competitors, potentially at a reduced cost for customers • Failure to manage change effectively exacerbates staff recruitment and retention difficulties, leading to loss of key senior staff	•Industry recognition • Client engagement • Market share
To generate sustainable growth in profits and cash flows with high quality, recurring revenue streams and an efficient and scalable operating model	The Group is leveraging its expertise across live events and digital premium content to grow these recurring revenue streams. The central expert teams and Group functions provide both economies of scale and benefits of shared best practice	• Economic and political factors affecting the stability of the UK market and our key market sectors reduce demand for our products • Shrinking revenues from print advertising and sales of print products are not replaced • Serious systems failure or breach of network security controls causes loss of information or operational disruption, such as the unavailability of our digital products • Serious physical incident at a live event causes injury, death or other significant damage, impacting directly on revenue and our reputation	• Increasing share of live events and premium content revenues • Growth in subscription invoiced contract values • Adjusted operating margin • Revenue per employee
To create products and services that are both innovative and market-leading, backed by strong digital and events expertise	The focus across our core markets and the creation of expert teams enable the Group to prioritise investment and to create a strong pipeline of new product offerings	• Replication of our products by competitors, potentially at a reduced cost for customers • Shrinking revenues from print advertising and sales of print products are not replaced • Economic and political factors affecting the stability of the UK market and our key market sectors reduce demand for our products	• Successful launches measured against return on investment, revenues and operating margin • Market share
To be a united team of entrepreneurial, multi-skilled professionals	Creation of a 'One Centaur Media' culture. Alignment of incentive plans and link to portfolio and Group metrics	Failure to manage change effectively exacerbates staff recruitment and retention difficulties, leading to loss of key senior staff	• Staff retention and engagement

Business Model

The Group's activities are categorised across four market segments: Marketing, Professional, Financial Services and Home Interest. These activities are supported by expert teams across digital product development, production, live events and exhibition operations, data, research and client services.

The Group generates revenues from three primary revenue sources: premium content, live events and advertising.

■ Premium content revenues include:

- **Subscriptions:** These are the fees that customers pay to receive access to the Group's information through online access to various databases or through regular delivery of soft copy research or hard copy magazines. Subscription revenue is recognised over the period of the subscription.

- **Copy sales:** These are generated primarily across the Group's Home Interest print titles, *Homebuilding & Renovating*, *Real Homes* and *Period Living*, and selectively across the Group's business magazines, including *Creative Review*. This area also covers the sale of market reports and other one-off sales of products. Revenues are recognised in line with the publication schedule for these products.

■ Live events revenues are all recognised when the event is held. These include:

- **Exhibitor revenues:** This represents space sold at our events enabling our customers to raise awareness and sell their products and services. Exhibiting at one of our events is an ideal way for our customers to forge new relationships through face-to-face meetings and to showcase their products.

- **Sponsorship revenues:** Each of our events has partners that want to be associated with it and pay to place brand advertising across the event. Through their sponsorship of our events, our partners can create, develop and increase brand awareness, furthering their credibility within a target audience and enabling them to develop contacts and exposure for their business.

- **Attendee revenues:** Our consumer-focused exhibitions, *Festival of Marketing* and award events all charge a fee for attendees to access the event. The Group also generates revenues from sales of tables to companies and individuals attending the various industry awards evenings. Some award events also generate revenues from paid-for award entries.

- **Training revenues:** The Group provides marketing training services to customers in the UK and overseas through the *Econsultancy* and *Oystercatchers* businesses. These services are delivered through public training courses and through the delivery of bespoke services to clients. The revenues are recognised when the training is delivered.

■ Advertising revenues represent the fees that customers pay to place an advertisement through one or more of the Group's delivery channels, either online, in print or on mobile. There are products where advertising is the main driver and others where advertising is a supplemental earnings stream. This includes display, classified, sponsored content, content marketing, native advertising and other publication-based marketing solutions, across the delivery platforms. Revenue is recognised on publication.

We build a deeper understanding of the commercial opportunities across each market through an unremitting focus on our markets and audience. We know that our customers want flexible content that works seamlessly across multiple platforms. By leveraging this market insight and understanding of our customer requirements we are able to offer a higher-value customer proposition. This is delivered in whichever format our clients want, whether that is in print, digital or as a live event. Each market segment has clear growth plans focused on new digital products, new revenue streams, multi-platform content and clear competitor differentials.

Supporting each of these markets, we have centralised expert teams across digital product development, production, live events and exhibition operations, data, research and client services.

These teams provide the expertise and scale that allows us to support the business efficiently. The expert teams also enable us to manage our cost base effectively and to prioritise investment across the business.

All areas of the business are supported by group functions including finance, HR, building services, legal and IT.

We regularly review our cost base and seek to maintain as flexible and scalable an operating model as possible, outsourcing or consolidating shared activities where possible.

This structure creates the potential to scale opportunities that alongside underlying[1] revenue growth enables good progression in adjusted[2] operating margins. It also creates the opportunity to effectively bolt on acquisitions to accelerate revenue and margin growth.

While our business remains primarily UK-focused, we aim to grow our presence in North America and the international reach of our products.

Key Performance Indicators

The Group has set out the following core financial metrics to measure our performance.

KPI	DESCRIPTION	PERFORMANCE
Underlying[1] revenue growth	Total revenues adjusted for the impact of acquisitions, disposals and event phasing	• 2016: +2% (2015: +4%)
Adjusted operating margin[2]	Adjusted operating profits[2] as a percentage of revenues	• 2016: 13% (2015: 15%)
Adjusted[2] diluted EPS	Adjusted earnings attributable to each share, calculated on a diluted basis, as set out in more detail in note 8 to the financial statements	• 2016: 4.5 pence (2015: 5.3 pence)
Cash conversion[4]	The percentage by which adjusted operating cash flow[3] covers adjusted operating profit[2], as set out in the Financial Review	• 2016: 153% (2015: 31%)
Development of recurring revenue streams	The percentage of total revenues derived from live events and premium content	• Live events and premium content revenues accounted for 71% of total 2016 revenues (2015: 67%)
Return on investment on acquisitions and new product development	The incremental cash flows generated from an investment relative to the total cash investment to acquire or develop the asset	• Return on investment on new product development in 2015 and 2016 exceeded internal benchmarks

The KPIs are within the Board's expectations and the ongoing focus on these measures will support its successful strategy. These indicators are discussed in more detail in the Chief Executive's Review and in the Financial Review.

FINANCIAL REVIEW

Non-statutory measures

In these results we refer to 'adjusted' and 'statutory' results, as well as other non-GAAP performance measures. Adjusted results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-recurring), and volatile items predominantly relating to investment activities and other separately reported items. Adjusted results exclude adjusting items as set out in the Consolidated Income Statement and below, with further details given in notes 1(b) and 4 of the financial statements. In addition, the Group also measures and presents performance in relation to various other non-GAAP measures, such as underlying revenue growth, adjusted operating cash flow, adjusted EBITDA and net debt.

Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance consistent with how the Board also monitors results. Further rationale for each of the adjusting items used in these measures, as well as reconciliations to their statutory equivalents, can be found in note 1(b) to the financial statements.

The Group's activities are predominantly UK-based and therefore currency movements do not have a material impact on the Group's results.

Statutory loss before tax reconciles to adjusted operating profit as follows:

	Note	2016 £m	2015 £m
Statutory loss before tax		**(4.4)**	**(5.6)**
Adjusting items			
Impairment of goodwill	9	**7.2**	11.9
Amortisation of acquired intangible assets	10	**2.3**	2.2
Share-based payments	24	**(0.1)**	0.7
Earn-out consideration	13	**0.6**	0.1
Additional impairment of trade receivables	4	**1.8**	-
Exceptional operating costs	4	**1.2**	0.7
Profit on disposal of trade and assets	4	**-**	(0.4)
Exceptional finance costs	4	**-**	0.2
Adjusted profit before tax		**8.6**	9.8
Adjusted finance costs	5	**0.5**	0.7
Adjusted operating profit		**9.1**	10.5

Summary

Commentary on revenues and operating results is set out within the Chief Executive's Report.

2016 was a challenging year, with tough trading conditions leading to a marked decline particularly in advertising revenues, with a high drop through to profitability, and a reduced adjusted operating margin[2] of 13% (2015: 15%). We have rigorously reviewed our cost base and have made significant progress in right-sizing Group overhead expenditure.

The Group has made good progress in reducing its net debt[5], which has fallen to £14.1m at the end of December 2016 (2015: £17.9m). The rate of cash conversion[4] was 153% (2015: 31%). Leverage (net debt[5] to adjusted EBITDA[7]) at 31 December 2016 was 1.1 times (2015: 1.3 times), and 1.0 times excluding the impact of *Oystercatchers*.

In 2016, reflecting a reduced growth outlook in the Financial Services segment, the Group recognised a non-cash impairment charge of £7.2m against goodwill. In 2015, an impairment charge of £11.9m was recognised against goodwill in the

Professional segment. During 2016, an additional impairment of trade receivables of £1.8m (2015: £nil) was separately reported as an adjusting item, and exceptional restructuring costs of £1.2m (2015: £0.7m) resulting from the re-organisation of senior management and strategic corporate restructuring activities were incurred.

Revenues

Revenues in 2016 were £72.5m (2015: £70.5m). Underlying[1] trends, adjusting for the biennial show, *AMS*, and the acquisition of *Oystercatchers*, show growth of 2%. Further information on the divisional revenue performance and the mix of revenues across premium content, live events and advertising is included in the Chief Executive's Report.

Operating profit

Adjusted operating profits[2] for the year were £9.1m (2015: £10.5m), with an adjusted operating profit margin[2] of 12.6% (2015: 14.9%). Further information on the divisional adjusted operating profit performance is included in the Chief Executive's Report.

Net adjusted[2] operating expenses were £63.4m (2015: £60.0m). Adjusted[2] employee related expenses in the year were £29.8m (2015: £29.5m), and the average number of permanent employees was 554 (2015: 564). See below for discussion of items impacting reported operating losses for the year of £3.9m (2015: £4.7m).

Reported operating losses of £3.9m (2015: £4.7m) were impacted by the adjusting items detailed below.

Adjusting items

The Directors believe that adjusted results and adjusted earnings per share provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. Details of the Group's accounting policy in relation to adjusting items are shown in note 1(b) to the financial statements.

Adjusting items generated a loss before tax of £13.0m (2015: £15.4m), which includes an impairment charge of £7.2m relating to goodwill in the Financial Services segment (2015: £11.9m in the Professional segment).

Exceptional operating costs of £1.2m (2015: £0.7m) include staff-related restructuring costs of £0.9m (2015: £0.6m) which principally relate to the reorganisation of the operational and senior management structure linked to the cost reduction programme, and costs relating to specific corporate restructuring initiatives of £0.3m (2015: £0.1m). Whilst similar costs have been incurred previously, such costs linked to the Group's transformation programme are not expected to recur once this is completed, and as such these are deemed to be exceptional in nature.

In addition, a separately reported charge for the impairment of trade receivables of £1.8m (2015: £nil) has been treated as an adjusting item. Following the disappointing working capital performance in 2015, and notwithstanding the return to strong cash generation in 2016, there remains a legacy of debt which arose during a period of disruption during the second half of 2015 and into the early part of 2016 arising from the introduction of a new accounting platform during 2015. Whilst the Group continues to make every effort in collecting all amounts due to it, given the extended age and magnitude of this outstanding debt by year end, the Directors believe there is now increased uncertainty in being able to collect these aged amounts and therefore consider these debts to be impaired. Substantial improvements to front-end billing and credit control processes have been made during the course of the year and the Group continues to make good progress on collecting current receivables and reducing the amount of days' sales outstanding ('DSO'). These have reduced to 79 days at 31 December 2016 (2015: 88 days), which is an improvement of 17 days since the peak in March 2016. The additional charge of £1.8m (2015: £nil) is considered to be significant to understanding current year performance, and has therefore been separately reported as an adjusting item to operating profit. In addition, a charge of £0.5m (2015: £0.6m) has been recorded in operating profit, which is considered to be in line with historical provisioning requirements.

Earn-out costs of £0.6m (2015: £0.1m) relate to the earn-out arrangement on the acquisition of *Oystercatchers*, which are treated as a remuneration expense through the statement of comprehensive income. In 2015 the earn-out charges of £0.1m related to the acquisition of *Venture Business Research*. A gain on the disposal of the trade and assets of *Aidex* of £0.4m arose in 2015.

Other adjusting items include amortisation of acquired intangible assets of £2.3m (2015: £2.2m) and a share-based payment credit of £0.1m (2015: charge of £0.7m).

Further analysis on these adjusting items is included in the Basis of Preparation section of notes 1(b) and 4 to the financial statements.

Net finance costs

Adjusted net finance costs were £0.5m (2015: £0.7m). The reduction in finance costs reflects lower net debt[5] during 2016 compared to 2015. Reported net finance costs were £0.5m (2015: £0.9m), and in 2015 included exceptional unamortised facility costs (£0.1m) and legal fees (£0.1m) associated with the re-financing of the Group's revolving credit facility in in that year.

Taxation

A tax charge of £1.0m (2015: £1.3m) has been recognised for the year. The adjusted tax charge was £1.8m (2015: £1.9m) giving an adjusted effective tax rate (compared to adjusted[2] profit before tax) of 20.9% (2015: 19.4%). The Company's profits were taxed in the UK at a blended rate of 20.0% (2015: 20.25%), with the fall in the main rate of UK Corporation tax being offset by the impact of impact of overseas earnings taxed at different rates. On a reported basis, the effective tax rate of (22.7)% (2015: (23.2)%) was impacted primarily by charges relating to the impairment of goodwill and other non-deductible expenses. See note 7 for a reconciliation between the statutory and reported tax charge.

Share-based payments

Share-based payments in 2016 decreased to a credit of £0.1m (2015: charge of £0.7m), as a result of lapses in the LTIP schemes following changes in senior management and performance under non-market performance conditions.

Earnings per share

The Group has delivered adjusted[2] diluted earnings per share for the year of 4.5p (2015: 5.3p). Losses per share for the year were (3.8)p (2015: (4.8)p). Full details of the earnings per share calculations can be found in note 8 to the financial statements.

Dividend

An interim dividend of 1.5p per share was paid in respect of the period January to June 2016 (January to June 2015: 1.5p). A final dividend in respect of the period July to December 2016 of 1.5p per share (July to December 2015: 1.5p) is proposed by the Directors, giving a total dividend for the year ended 31 December 2016 of 3.0p (2015: 3.0p), in line with 2015.

The final dividend in respect of the year is subject to shareholder approval at the Annual General Meeting and, if approved, will be paid on 26 May 2017 to all ordinary shareholders on the register at close of business on 12 May 2017.

Adjusted dividend cover in the year was 1.6 times (2015: 1.8 times) and it is intended to move above 2 times in the medium term.

Cash flow

As set out below, net debt[5] has fallen to £14.1m from £17.9m at the end of December 2015 and the rate of cash conversion[4] was 153% (2015: 31%). Trade receivables are steadily reducing and the rate of cash collection for invoices issued in 2016 is both satisfactory and steady. There was a £12.4m positive swing in working capital in 2016 compared to 2015, primarily driven by a significant improvement in the collection of trade receivables following on from the disruption experienced during the second half of 2015 and into the early part of 2016 from the accounting system change. It is reassuring that the Group has returned to higher levels of cash generation.

	2016 £m	2015 £m
Adjusted operating profit[2]	9.1	10.5
Depreciation and amortisation	3.3	3.0
Movement in working capital	4.1	(6.9)
Capital expenditure	(2.6)	(3.3)
Adjusted operating cash flow[3]	13.9	3.3
Cash impact of adjusting items	(1.3)	(0.5)
Taxation	(1.3)	(1.4)
Interest and finance leases	(0.5)	(0.9)
Other	0.1	-
Free cash flow	10.9	0.5
Repayment of loan notes	(1.1)	-
Acquisitions	(1.5)	(0.1)
Disposal of trade and assets	-	0.4
Share repurchases	(0.2)	-
Dividends paid to Company's shareholders	(4.3)	(4.0)
Decrease / (increase) in net debt	3.8	(3.2)
Opening net debt	(17.9)	(14.7)
Closing net debt	(14.1)	(17.9)

Adjusted operating cash flow is not a measure defined by IFRS. It is defined as cash flow from operations excluding the impact of adjusting items, which are defined above, and including capital expenditure. The Directors use this measure to assess the performance of the Group as it excludes volatile items not related to the core trading of the Group, and includes the Group's management of capital expenditure. A reconciliation between cash flow from operations and adjusted operating cash flow is shown in note 1(b) to the financial statements. The cash impact of adjusting items primarily related to exceptional restructuring costs in both years.

Acquisitions net of disposals generated a cash outflow of £2.6m (including the repayment of loan notes in relation to the *VBR* earn-out) in the year (2015: cash inflow of £0.3m).

Financing and bank covenants

On 8 June 2015, the Group agreed a four year £25m multi-currency revolving credit facility, provided by RBS and Lloyds. This facility runs to 31 August 2019. The principal financial covenants under the facility are: the ratio of net debt to adjusted EBITDA[7] shall not exceed 2.5:1, and the ratio of EBITDA to net finance charges shall not be less than 4:1. The Group remained within its banking covenants and has good headroom within its £25m banking facilities.

Acquisition of *Oystercatchers*

On 30 September 2016 the Group completed the purchase of the business and assets of The Oystercatchers LLP for a total purchase price of £3.5m, including contingent consideration of up to £1.2m. This is subject to the ongoing employment of specific individuals and the business delivering sufficient earnings for the year ended 31 March 2017, and payable in the second quarter of 2017 once the accounts have been finalised. Initial consideration of £1.5m was paid on completion in cash with £0.5m of Centaur Media Plc shares being issued to the vendors. The balance of £0.2m will become due on 30 September 2017.

Assets acquired include working capital balances of £0.1m, intangible assets comprising customer contracts, relationships

and the brand name totalling £1.1m, with resulting goodwill recognised of £1.2m.

As the contingent consideration is dependent on the continued employment of five key individuals of the Oystercatchers business it is treated as a post-acquisition employment expense within the statement of comprehensive income. An expense of £0.6m has been recognised as an adjusting item during 2016.

Balance sheet

A summary of the Group's balance sheet as at 31 December 2016 and 2015 is set out below:

	2016 £m	2015 £m
Goodwill and other intangible assets	**88.8**	96.4
Property, plant and equipment	**2.0**	2.3
Deferred income	**(16.9)**	(17.0)
Other current assets and liabilities	**7.5**	12.7
Deferred taxation	**(0.2)**	(0.1)
Net assets before net debt[5]	**81.2**	94.3
Net debt[5]	**(14.1)**	(17.9)
Net assets	**67.1**	76.4

The main movements in the Group's balance sheet are a reduction of £7.6m in goodwill and other intangible assets, primarily caused by the impairment to goodwill of £7.2m (2015: £11.9m), a decrease in other current assets and liabilities, driven by reduced gross trade receivables balances and increased bad debt provision, and reduction in net debt[5]. Further details on these significant movements can be found throughout this report.

Conclusion

The Group has made good progress towards its strategic goals within what has been a challenging trading period. The harsh trading conditions brought about by the falls in advertising demand has impacted the Group's adjusted operating profit[2] margin negatively, and we have reviewed our cost base in order to right-size this appropriately. The growth in digital platforms and event-driven revenues has been positive and we remain vigilant but positive against this backdrop.

Following the difficulties experienced during the second half of 2015 and into the early part of 2016 following the implementation of the accounting platform, much hard work has been undertaken throughout 2016 to address these issues resulting in excellent cash flow performance in the year with a swing in working capital flow of £12.4m, a resultant cash conversion[4] of 153% with a reduction in net debt[5] to £14.1m. The legacy of old trade receivables remains which have proven very difficult to collect and an additional, separately reported, impairment provision of £1.8m (2015: £nil) has been made to reflect the uncertainty around these remaining amounts. We continue to make every effort to collect all amounts due to the Group.

I am optimistic that the Group is in a strong position for continued growth in digital and live events revenues that will deliver margin improvement in the medium term.

Swag Mukerji
Chief Financial Officer
28 March 2017

Risk management approach

The Board has overall responsibility for the effectiveness of the Group's system of risk management and internal controls and these are regularly monitored by the Audit Committee.

Details of the activities of the Audit Committee in this financial year can be found in the Audit Committee Report on page 42.

The Executive Committee is responsible for identifying, managing and monitoring material risks in each area of the business and for regularly reviewing and updating the risk register, as well as reporting to the Audit Committee in relation to risks, mitigations and controls. As the Group operates principally from one office and with relatively short management reporting lines, members of the Executive Committee are closely involved in day-to-day matters and able to identify areas of increasing risk quickly and respond accordingly. The responsibility for each risk identified is assigned to a member of the Executive Committee. The Audit Committee considers risk management and controls regularly and the Board formally considers risks to the Group's strategy and plans as well as the risk management process as part of its strategic review.

The risk register is the core element of the Group's risk management process. The register is maintained by the Company Secretary with input from the Executive Committee. The Executive Committee initially identifies the material risks facing the Group and then collectively assesses the severity of each risk (by ranking both the likelihood of occurrence of the risk and its potential impact on the business) and the related mitigating controls.

As part of its risk management processes, the Board considers both strategic and operational risks, as well as its risk appetite in terms of the tolerance level it is willing to accept in relation to each principal risk, which is recorded in the Company's risk register. This approach recognises that risk cannot always be eliminated at an acceptable cost and that there are some risks which the Board will, after due and careful consideration, choose to accept. The Group's risk register, its method of preparation and the operation of the key controls in the Group's system of internal control are regularly reviewed and overseen by the Audit Committee with reference to the Group's strategic aims and its operating environment. The register is also reviewed and considered by the Board.

As part of the ongoing enhancement of the Group's risk monitoring activities, we reviewed and updated the procedures by which we evaluate principal risks and uncertainties during the year.

Principal risks

The Group's risk register currently includes operational and strategic risks. The principal risks faced by the Group in 2016, taken from the register, together with the potential effects and mitigating factors, are set out below. The Directors confirm that they have undertaken a robust assessment of the principal risks facing the Group.

Trends in print advertising and sales of print products mean that revenues from these sources continue to shrink and are not replaced like-for-like with online or digital products. The non-print media sector has high levels of competition from a wider group and low barriers to entry. This leads to different pressures on audience and customer retention as well as pricing.

These trends continued more steeply during the latter part of 2016 as direct revenue from print products dipped more than expected at the start of the year. Our strategy of identifying the type of content our audiences want and how they want to consume the content means that, in 2016 and early 2017, we reduced the circulation frequency and volume of various of our print magazines including *Marketing Week* and *Creative Review*. We are developing new revenue streams from products, such as the Mini MBA in Marketing, which are exclusively digital and derive no revenue from print advertising. We are also continuing to develop our technical capability and to support our product innovation by hiring people with relevant experiences and skills where appropriate. The role of our Executive Committee includes anticipating future changes in the market and ensuring that our business can react or accelerate plans accordingly.

Movement in risk: ↓ The Board considers that our exposure to this risk has decreased since the prior year due to the specific actions we have taken to reduce our dependency on print advertising and sales of print products, including the creation of new products which are exclusively digital.

Failure to manage change effectively could exacerbate our difficulties in retaining and recruiting staff at an appropriate cost in parts of the business, and lead to loss of key senior staff, resulting in increased recruitment and training costs, loss of productivity, potential loss of clients and potential inability to maintain content quality and deliver our specific plans.

Given the acceleration of our strategy and associated changes, we will need to manage practical and cultural impacts on staff, including potential changes to individual roles as well as broader working practices. During the year, and in line with the changes taking place across the business, we have introduced new measures aimed at improving our ability to recruit and retain employees and to track employee engagement. In response to employee feedback, twice-yearly performance review meetings have been replaced with monthly 'check-in' meetings, which facilitate more regular discussion about personal and career development opportunities between employees and line managers. Further, the Group has replaced its annual staff engagement and satisfaction survey with an interactive platform which enables employees to provide weekly feedback on their levels of engagement and satisfaction directly to line managers. All employees have access to training, share schemes and other benefits and the Group benchmarks its approach against best practice within the sector. Addressing levels of attrition continues to be a focus for managers' performance targets in 2017 and the Group continues to prioritise the setting of appropriate remuneration across the Group to ensure we remain competitive within the market. It is a focus of Portfolio Directors to ensure that client relationships and content quality are maintained as a team rather than by an individual, where possible. In addition, most senior employees enter into restrictive covenants upon starting employment with the Group, and we are developing specific retention strategies, as well as succession plans, for critical roles and key personnel where possible.

Movement in risk: ↑ Due to increased change taking place across the business (caused by, among other things, initiatives aimed at reducing our reliance on print, together with more general cost-cutting measures) the Board considers this risk to have increased since the previous year.

Serious systems failure affecting our core systems and multiple products or business functions, or breach of network security controls (as a result of a deliberate cyber-attack or unintentional event), results in misappropriation of financial assets, proprietary or sensitive information or operational disruption, such as the unavailability of our websites and of our digital products to users or unavailability of support platforms, thereby directly affecting our revenues or collection activities and damaging our reputation with customers and audiences.

The Group has invested significantly in its IT systems and several key IT system upgrades were completed during 2016, including upgrades to the new CRM and finance systems introduced in 2015. Security of our IT systems and business continuity continues to be a focus for the Board and further IT system improvements are planned for 2017, following completion of an external audit of the security of our main IT infrastructure and our websites to be carried out by a specialist third party provider. We have an experienced IT team and continue to invest in new roles in this area. Where possible, implementation of IT system upgrades is supported by internal teams to reduce the risk of relying on third parties and, where services are outsourced to suppliers, contingency planning is carried out to mitigate risk of supplier failure. During 2015, our core websites which were hosted on a legacy platform were migrated onto a new and more secure platform which is cloud-hosted. In 2016, transition of the operational IT systems for *Econsultancy*, *Fashion & Beauty Monitor*, *Year Ahead*, *Foresight News* and *Clean Energy Pipeline* into our group-wide IT infrastructure was completed. Both measures have reduced our vulnerability to a serious breach of network security controls but we consider the external environment a key factor in this risk so the Board has not reduced its assessment of likelihood.

Movement in risk: → The Board considers this risk to be broadly the same as for the prior year.

Fraudulent or accidental breach of our security, or ineffective operation of IT and data management systems leads to loss, theft or misuse of confidential information or personal data or breach of data protection requirements resulting in increased regulatory supervision, damage to our reputation and / or direct financial impact.

The central Group IT support function monitors and controls our IT systems, including data management. Appropriate IT security is undertaken for all key processes to keep the IT environment safe. Websites are hosted by specialist third-party providers who provide warranties relating to security standards. Our core websites have been migrated onto a new and more secure platform which is cloud-hosted and databases have been cleansed and upgraded during 2015 and 2016. External

access to data is protected and staff are instructed to minimise access to internal data and the sending of data lists, which are password protected or encrypted where appropriate. We have a Director of Data and Analytics whose remit includes building on the existing controls around the use and processing of sensitive data. The Group has a business continuity plan which includes its IT systems and there is regular back-up of data, stored off-site. We have standardised all privacy policies and website terms of use for the Group's websites. We are taking steps to ensure Centaur's compliance with the requirements of the new EU General Data Protection Regulation, which will apply to us in 2018.

Movement in risk: → The Board considers this risk to be broadly the same as for the prior year.

The Group runs events and exhibitions that gather large numbers of people in single venues and locations, often in large cities in the UK and elsewhere. This results in operational health and safety risks including fire safety, food hygiene, crowd control, security and failure of equipment. As the Group operates events and exhibitions in locations hired from third parties, including hotels and venue operators, it is generally not in control of safety policies for the locations and depends upon the third party venue operator to have adequate safety policies, processes and equipment in place and to comply with health and safety regulations. If a serious physical incident occurred at an event, physical injury, death and other significant damage could occur.

Events and exhibitions are the responsibility of a specific team within the Group which has experience and training in health and safety risks and responses. The Group's own employees are always in attendance at all of our events and exhibitions and, at our major events and exhibitions, we engage third party floor managers with specialist health and safety expertise. Our events teams risk assess every event venue in conjunction with the venue operator and key contractors. Wherever possible we ensure that contracts provide for liability to remain with venue operators who are best placed to manage the risks and we maintain insurance to cover our public liability. In 2016, we put in place new measures aimed at, among other things, mitigating risk to the health and safety of our employees and customers in the event of a serious physical incident at one of our events or exhibitions. We revised our business continuity plan and also set up a mass communication tool and a designated disaster recovery website enabling urgent messages to be communicated more quickly to employees and, consequently, customers.

Movement in risk: → The Board considers this risk to be broadly the same as for the prior year.

A serious force majeure event, such as a flood or terrorist attack, could affect the availability of a venue for one of our large events or exhibitions or of our central London office. For the Group's larger events and exhibitions, there are only a small number of venues available for hire in the market from third parties such as hotels, and we have a majority of our staff and systems at a single central London location. If a venue or our central London office becomes unavailable, it is unlikely that the Group would be able to transfer an event to a different venue, or our employees to a different office, at short notice. This could result in damage to our reputation and direct financial impact from revenues that we would be unable to collect (because, for example, commercial teams are unable to operate effectively), costs already incurred, refunds due to customers or legal claims from customers and suppliers.

Over the last year, we have taken steps to ensure that, in the event of the unavailability of any venue or our central London office, our reaction can be quick and well planned. We have a revised business continuity plan, along with a mass communication tool and disaster recovery website, which facilitate faster communication of urgent messages to employees and customers. The Group has also fostered closer relationships with its existing and potential venue providers so that, where feasible, we have contingency plans for moving events or exhibitions to alternative venues if necessary. Given the lack of venues available for hire and the demand for those venues from our competitors, it is impossible to have a plan in place to deal with all potential situations which could cause unavailability of a venue. Where possible, however, we are now securing longer-term (three year) contracts with major events and exhibition venue providers, and we continue to review and explore alternative options for venues to mitigate this risk. In addition, our Group policy is to contract with suppliers and customers under our standard terms where possible, which seek to protect us from costs and loss of revenue in the event of force majeure or cancellation of events. As we consider the external environment, including in particular the rise in unpredictable terrorist attacks in major European cities, to be a key factor in this risk however, the Board has not reduced its assessment of likelihood.

Movement in risk: → The Board considers this risk to be broadly the same as for the prior year.

The Group's products could be vulnerable to replication by competitors in the UK or other markets including, potentially, those offering content under a different revenue model that reduces or eliminates costs for users.

The Group has continued to invest in its digital product development hub. This team is staffed with experienced digital product development experts and is adequately resourced. The product pipeline is planned up to 12 months ahead, and progress against this schedule is reviewed fortnightly to take into account changes in customer requirements and business priorities, as well as the activities of our competitors. In addition we have invested in our registered intellectual property and we seek to enforce our legal rights to protect our brands and intellectual property where necessary.

Movement in risk: → The Board considers this risk to be broadly the same as for the prior year.

Changes to regulations and legal requirements, including in relation to areas such as data protection and direct marketing, restrict or burden the Group's activities.

Legal and regulatory matters are dealt with by our legally qualified Company Secretary, supported by our panel of respected law firms. Our Company Secretary, with support from internal experts in employment and health and safety matters, is tasked with updating and advising the Board on changes to law and regulation that may affect the Group's interests and require alterations to our business practices. We conduct staff training in-house on key legislation where appropriate, including the Data Protection Act 1998, the forthcoming EU General Data Protection Regulation, the UK Bribery Act 2010 and the Modern Slavery Act 2015.

Movement in risk: → The Board considers this risk to be broadly the same as for the prior year.

As Centaur Media's products are primarily sold to specific sectors of the UK market, the Group's financial performance is highly sensitive to economic and political conditions affecting the UK market and/or the key sectors in which we operate. Uncertainty about the future economic and political stability of the UK and its impact on sectors including (but not limited to) the financial and real estate sectors following the UK's vote to leave the EU in 2016 has the potential to reduce customer demand for our products and thereby adversely affect the Group's revenues.

The Group's strategic plan includes increasing international growth in the mid to longer term, focusing on North America, in order to mitigate this risk. Many of the Group's products are market-leading in their respective sectors and are an integral part of our customers' operational processes, which mitigates the risk of potential reduced demand for our products. The Group regularly reviews the political and economic conditions and forecasts for UK and the main sectors in which it operates to assess whether changes to its product offerings or pricing structures are necessary.

Movement in risk: ↑ The Board considers this risk to have increased since the prior year due to diminished short and medium-term expectations for the UK economy following the referendum vote to leave the EU on 23 June 2016, meaning this risk has been included in the annual report as a principal risk facing the Group for the first time.

Key to movement in risk from last year (after taking into account mitigating controls)
↑ Increase in risk
→ Risk unchanged
↓ Decrease in risk

Viability statement

In accordance with provision C.2.2 of the 2014 revision of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a four-year period to December 2020, taking account of the Group's current position, the Group's strategy, the Board's risk appetite and, as documented above, the principal risks facing the Group and how these are managed. This period has increased from three years as disclosed in the 2015 annual report, as a result of the Board performing a full strategic review and financial plan up to 2020 during the year. Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2020.

The Board has determined that the four-year period to December 2020 is an appropriate period over which to provide its

viability statement because the Board's financial planning horizon covers a four-year period. In making their assessment, the Directors have taken account of the Group's existing financing arrangements to 2019 (and assumed that financing will be available to replace the current facility on similar terms), cash flows, dividend cover and other key financial ratios over the period. These metrics are subject to stress testing which involves sensitising a number of the main assumptions underlying the forecasts both individually and in unison. The assumptions sensitised include forecasted adjusted EBITDA, cash conversion and capital expenditure. Where appropriate, this analysis is carried out to evaluate the potential impact of the Group's principal risks actually occurring, such as print and advertising revenues continuing to shrink, staff attrition, UK economic conditions and replication of products by competitors. Sensitising the model for changes in the assumptions and risks affirmed that the Group would remain viable over the four-year period to 2020.

Going concern basis of accounting

In accordance with provision C.1.3 of the 2014 revision of the UK Corporate Governance Code, the Directors' statement as to whether they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements and for the foreseeable future can be found on page 35.

CORPORATE RESPONSIBILITY

Centaur Media is committed to developing a culture of environmental awareness and social responsibility and we seek where appropriate to incorporate environmentally and socially responsible practices into the way we deliver services and products to our customers and procure goods and services from third parties. The Group has a whistleblowing policy in place enabling employees to report any concerns about improper practices, including relating to its environmental and social responsibility practices.

Environment

Centaur Media operates in the media sector, predominantly in the United Kingdom, and consequently, while Centaur recognises that its business has an impact on the environment, including through the use of energy and paper, our impact on the environment is less significant than that of companies operating in many other sectors. As we continue to increase our digital capabilities and products, and to reduce our reliance on print advertising, we are reducing our use of consumable items such as paper and plastic over time. The majority of our employees work out of a single location in Wells Street, London and we have only one other UK location in Bromsgrove, meaning that the Group has been able to take advantage of consolidating building-related environmental impacts and benefitting from Group sharing of items such as photocopiers. The Group also has small offices in New York and Singapore.

The Group actively seeks to minimise adverse environmental impacts and to promote good environmental practices wherever possible. We increasingly aim to ensure that our major suppliers are environmentally responsible. For example, our main paper and print supplier holds the ISO 14001 (environmental management) accreditation and is certified by the Forest Stewardship Council and Programme for the Endorsement of Forestry Certification.

Some of our other measures are:

- reducing our water usage, which we use for domestic purposes only (notably flushing and handwashing) by approximately 30% during the period ended 2016 through the refurbishment of our lavatories and basin taps in parts of the Wells Street building;
- use of energy-efficient lighting, including replacing existing light fittings with energy efficient LED light fittings in the Wells Street building – during the year ended 31 December 2016, this programme was extended to include all common parts of the Wells Street building;
- installation of motion sensors in offices to control lighting;

- analysing and adjusting the timing of boilers and chillers for office air conditioning to increase energy efficiency;
- stopping the use of non-recyclable cups and reducing the use of paper hand towels;
- buying paper that is Forest Stewardship Council ('FSC') accredited which means that the paper has been sourced in an environmentally-friendly, socially responsible and economically viable manner;
- active engagement in the recycling of cans, tins, plastic, glass, cardboard and paper, including the replacement of traditional waste bins with recycling bins throughout the Wells Street building as part of a new centralised recycling system rolled out in 2015, together with a monthly report showing the percentage of waste collected that was recycled;
- recycling of printer cartridges where possible;
- increasing the use of aqueous inks, which limit the release of volatile organic compounds;
- use of eco-friendly taxis and courier vehicles that are less than 3 years old, and use of cyclist couriers, where possible;
- cycle to work scheme and other measures that facilitate cycling to work by employees, such as the provision of showers, changing rooms and lockers, as well as bike storage facilities at the Wells Street building; and
- encouraging staff to use public transport by provision of season ticket loans.

Charitable Donations

The Group supports local communities and charitable organisations through direct fundraising, donation and pro-bono work. During the year, a total of £118,855 (comprising employee contributions of £8,454, a Group contribution of £8,454 and £101,947 in third party contributions raised through our events) was donated to Childline, our chosen charity partner for 2016. In 2015, £111,242 (comprising employee contributions of £11,512, a Group contribution of £10,000 and £89,730 in third party contributions raised through our events) was donated to Mind. We used our events to raise money from third parties for Childline including requesting donations in return for entry for awards and taking collections at the events. Every year, the Group offers each employee a paid day off to spend volunteering for the not-for-profit cause or charity of their choice. Employee contributions were raised through a range of company-wide fundraising events including sporting events and bake sales. We also operate a Give As You Earn scheme through the payroll. In 2016, contributions amounting to £6,024 (consisting of employee contributions of £5,679 plus a matching contribution of £345 from the Group) were made through this (2015: £6,723).

Health and Safety

We are committed to the safety of our staff. We have a Health and Safety Policy which sets out Centaur's responsibilities and those of its staff concerning health and safety in the workplace. Our Health and Safety Committee, which is responsible for overseeing the application of this Policy, meets at least every 6 months and reports directly to the Board on all material related matters. Due to the nature of the business, risk of work-based accidents is relatively low but the Group takes its responsibilities for the health and safety of its employees seriously. Our office manager is responsible for maintaining a safe environment for employees and an Accident Book is available to all staff in Reception. We periodically carry out internal health and safety reviews, taking follow up action to maintain standards where necessary, and undertake staff training in relation to fire safety. Where work-related activities take place which have a higher risk attached – such as travel, marketing events and outdoor activities – additional planning is undertaken which includes a risk assessment and mitigation plan. To minimise risk to the health and safety of our employees in the event of a major disaster or emergency, we have recently revised our business continuity plan and carried out testing of the plan.

Emissions

We continue to measure our carbon footprint by monitoring our Energy Usage and we are pleased to confirm that we are

compliant with the EU Energy Efficiency Directive 'Energy Saving Opportunity Scheme' ('ESOS').
The greenhouse gas 'GHG' emission from our operations during the year are set out below:

Year ended 31 December 2016 global GHG emissions data (tonnes of CO2e):

	2016 Tonnes CO_2	2015 Tonnes CO_2
Scope 1 (Gas, Fuel and Car Mileage)	**75**	157
Scope 2 (Electricity and Steam)	**474**	581
Total GHG emissions	**549**	738
Average number of employees	**550**	564
Emissions per employee	**1.0**	1.3

Diversity

Centaur Media strongly encourages diversity across the Group and is committed to recruiting and promoting the most talented people from the widest pool and providing equal opportunities for all employees and prospective employees. To support this aim, the Group has an Equal Opportunities Policy which covers recruitment and selection, promotion, training and development and standard contract terms for all staff. We also support apprenticeships which increase our talent pool and demonstrates the Group's commitment to reaching out to young people from a variety of backgrounds. We offer internships and work experience opportunities for people from a variety of backgrounds.

As part of our activities to implement the provisions of the UK Modern Slavery Act 2015, we have adopted an anti-slavery and human trafficking policy.

Two out of our six (33%) Board members are female and, five out of seven (71%) of our Executive Committee are female and, as at 31 December 2016, our workforce overall was 59% female (327 employees) and 41% male (227 employees). We proudly support flexible working opportunities, and 9% of staff are employed on a part-time basis.

The Strategic Report was approved by the Board of Directors and signed by order of the Board.

Grainne Brankin
Company Secretary
28 March 2017

BOARD OF DIRECTORS

1 Ron Sandler

Chairman

Ron joined Centaur as Chairman in May 2015. He is a member of the advisory board of Palamon Capital Partners. His early career was with the Boston Consulting Group. He was Chief Executive Officer of Lloyd's of London from 1995 until 1999, playing a key role in Lloyd's Reconstruction and Renewal, and subsequently Chief Operating Officer of NatWest Group. Ron is a past-president of the Chartered Institute of Bankers and in 2002 he led an independent review of the UK Long Term Savings Industry. He has been chairman of numerous companies, including Northern Rock, Phoenix Group and Paternoster.

2 William Eccleshare

Senior Independent Director

William is Chairman and CEO of Clear Channel International. He served as a non-executive director of Hays Plc from 2004 to 2014 and has been a board member of the Donmar Warehouse Theatre since 2013. William was a Partner and Leader of European Branding Practice at McKinsey & Co. He has previously served in international leadership roles at major advertising agencies, including as European Chairman and CEO of BBDO (Omnicom); European Chairman of Young and Rubicam (WPP Group); Chairman and CEO of Ammirati Puris Lintas Northern Europe (Interpublic Group); Global Strategic Planning Director of J. Walter Thompson Worldwide; and CEO of PPGH/JWT Amsterdam.

3 Robert Boyle

Non-Executive Director

Robert, a qualified Chartered Accountant, was a partner of PricewaterhouseCoopers LLP, where he was Chairman of the PwC European Entertainment and Media Practice for twelve years, retiring in 2006. He is a Non-Executive Director, and Chairman of the Audit Committee, of Maxis Berhad (in Malaysia) and Witan Investment Trust Plc.

4 Rebecca Miskin

Non-Executive Director

Rebecca is Founder and CEO of Gloo Networks Plc, a digital transformation company. She began her career in media at Reed Elsevier launching telecom-based information services across Europe. She has since worked across the USA and UK at Time Inc., NBC Universal and most recently at Hearst Corporation. Rebecca helps re-align media organisations through a data driven, customer-centric and collaborative operational approach.

5 Andria Vidler

Chief Executive Officer

Andria joined Centaur Media as Chief Executive in November 2013. From August 2009 to July 2013, Andria was Chief Executive Officer of EMI Music UK & Ireland during which time she successfully transformed the business into a high margin global rights management enterprise by driving consumer focus and digital innovation. Between April 2008 and August 2009, she was Chief Marketing Officer of Bauer Media. As part of the UK management team she was responsible for building the Bauer Media brands to generate greater profitability across the portfolio of 53 magazines, 23 radio stations and all online products. Andria was Managing Director of Magic FM & National Radio from June 2005 to April 2008. Prior to that, she held a number of managerial, operational and marketing roles at Capital Radio and the BBC. Andria is a trustee of The Roundhouse Trust and also sits on industry award panels.

6 Swag Mukerji

Chief Financial Officer

Swag joined Centaur Media in July 2016 and was appointed Chief Financial Officer in October 2016. Swag has had senior finance and general management positions with several blue chip FMCG companies including Guinness Plc, Grand Metropolitan Plc, United Biscuits Plc and Virgin. He was formerly Group Finance Director of Biocompatibles International plc and since then he has been CFO of three private equity backed businesses, the latest of which was Safetykleen, a Warburg Pincus Investment. He has successfully delivered shareholder value through top and bottom line growth, restructures and turnarounds. Swag is a qualified Chartered Accountant and has a Warwick MBA.

EXECUTIVE COMMITTEE

In addition to the Chief Executive and Chief Financial Officer, the Executive Committee comprises the Chief Operating Officer, two Divisional Managing Directors, CEO and Founding Partner of Oystercatchers and Company Secretary. The biographies of the Executive Committee are set out below:

7 Linda Smith

Chief Operating Officer

Linda was appointed Chief Operating Officer in February 2016 and manages Centaur's centralised expert hubs of IQ, Research, Production, Data and Digital Product Development, as well as IT, HR and client and customer delivery operations. Linda has worked at a number of media companies including ITV, StarcomMediaVest, Capital Radio, RadioCentre and most recently Bauer Media. She was a commercial consultant to Centaur Media in 2014. Through her previous roles Linda has developed operational experience in a number of different areas including M&A, sales and general management and across a broad spectrum of broadcasting, publishing and digital platforms.

8 Steve Newbold

Divisional Managing Director

Steve was appointed Divisional Managing Director in September 2015, overseeing the Home Interest, Legal, Engineering, Financial Services, Travel & Meetings and HR portfolios. Prior to joining Centaur Media Steve held Managing Director roles at WGSN, i2i Events, Emap Communications (now Ascential) and Emap Plc. He has experience of running multi-media businesses in key sectors including homes, legal, retail, and fashion. He has also led and supported key acquisitions including WGSN, Stylesight, Futuros Events, Broadcast Video Expo and Pure London.

9 Jane Turner

Divisional Managing Director

Jane's early career began with publishers Maclean Hunter, Thomas Telford and Argus Press Group, moving on to Mintel International and Claritas Nielsen and helping drive both companies into the age of digital distribution. Following this foundation, her time with agency groups Havas and WPP focused on delivering insight, sales, marketing and digital solutions for major enterprise clients. In 2005 Jane joined Chorion PLC as Managing Director. Latterly, she has run her own digital applications business whilst also supporting a range of classic digital creative agencies, digital content and SaaS technology businesses in growing new audiences and developing new channels. Jane joined Centaur as Divisional Managing Director with responsibility for the Marketing portfolio in March 2016.

10 Suki Thompson

CEO and Founding Partner of Oystercatchers

Suki joined Centaur Media in October 2016 as a result of the acquisition of *Oystercatchers* and joined the Executive Committee. Suki started her career agency-side with companies such as DDB, WWAV, Publicis, TBWA and Y&R in London and Asia before founding Haystack Consultancy, which created a framework for the modern pitch intermediary. As well as her work at *Oystercatchers*, Suki has been the Chair of The Marketing Society, a long-standing member of WACL (Women in Advertising and Communications London) and is on The Board of Trustees for Macmillan Cancer Support and Touraid. She is a regular contributor to the national and marketing press and speaker at industry conferences. In 2012 Suki was made a Freeman of the City of London and given an honorary Doctorate by Coventry University for her services to International Business.

11 Grainne Brankin

General Counsel and Company Secretary

Grainne has been with Centaur Media since July 2014 and is General Counsel as well as Company Secretary. Prior to joining Centaur Media, Grainne was General Counsel at CBS Outdoor International where she was part of the management team delivering a successful sale of the division by CBS Corp. to Platinum Equity. Grainne had previously worked for 8 years at Yahoo!'s EMEA HQ in London and then Switzerland for 8 years and held various roles in the legal team including responsibility for M&A, restructures and employment. Grainne qualified at Clifford Chance in London and worked at law firm Bird & Bird before joining Yahoo!. She has undertaken a broad range of corporate and commercial work in Europe and the USA within media, telecoms and technology industries.

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DIRECTORS' REPORT

The Directors of Centaur Media Plc ('the Company' or 'the Group'), a company incorporated and domiciled in England and Wales, present their report on the affairs of the Group and Company together with the audited company and consolidated financial statements for the year ended 31 December 2016.

Details of significant events since the balance sheet date are contained in note 32 to the financial statements.

Principal activities

The principal activities of the Group are the provision of business information, events and marketing solutions to selected professional and commercial markets. The principal activities of the Company are those of a holding company.

Business review

The Strategic Report, incorporating the Chief Executive's Report, on pages 6 to 29 sets out a summary of the Group strategic objectives, business model, key performance measures, operating and financial reviews, future developments, principal risks and the corporate responsibility statement.

Greenhouse gas emissions

Details of the Group's greenhouse gas emissions are included in the Corporate Responsibility Section on pages 28 to 29.

Research and development activities

The Group invests in systems and website development activities – see note 10 to the financial statements for the internally generated amounts capitalised during the year. The Group does not incur any significant research costs.

Dividends

A final dividend in respect of the period July to December 2016 of 1.5p per share (July to December 2015: 1.5p) is proposed by the Directors, and subject to shareholder approval at the Annual General Meeting, will be paid on 26 May 2017 to ordinary shareholders on the register at the close of business on 12 May 2017. With the interim dividend of 1.5p per share, the total dividend for the year will be 3.0p per share (2015: 3.0p).

Share capital and substantial shareholdings

Details of the share capital of the Company are set out in note 23 to the financial statements. As at 31 December 2016, and 14 March 2017 (being the last practicable date prior to publication), notifications of interests at or above 3% in the issued voting share capital of the Company had been received from the following:

	31 December 2016	14 March 2017
Aberforth Partners LLP†	**23.39%**	23.39%
Artemis Investment Management LLP	**17.57%**	17.57%
IBIS Capital Partners LLP	**8.13%**	8.02%
Chelverton Asset Management	**5.02%**	5.02%
Graham Sherren (inc. spouse)	**5.73%**	5.73%
Argos Funds – Argonaut Fund	**5.88%**	5.88%
Old Mutual plc	**3.96%**	3.96%
Standard Life Investments††	**3.35%**	3.34%

† This includes Wellcome Trust Limited which is managed by Aberforth Partners LLP
†† Figures derived from share register analysis

At 28 March 2017 and 31 December 2016, 6,870,437 (31 December 2015: 6,472,990) 10p ordinary shares are held in treasury, representing 4.54% (2015: 4.31%) of the issued share capital of the Company as at 31 December 2016. 800,000 (2015: 800,000) deferred shares of 10p each carry restricted voting rights and carry no right to receive a dividend payment. The movement in treasury shares during the period is due to the repurchase of shares by the Company.

Directors and Directors' interests

The Directors of the Company during the year and up to the date of this report are detailed below. All directors served from 1 January 2016 unless otherwise stated. The Board have decided to continue observing best practice by offering themselves for re-election annually.

	Number of ordinary shares held at 1 January 2016	Shares acquired during the year	Number of ordinary shares held at 31 December 2016†	Number of ordinary shares held at 28 March 2016
Ronald Sandler	-	45,000	**45,000**	45,000
William Eccleshare (appointed 1 July 2016)	-	-	**-**	-
Christopher Satterthwaite (resigned 27 July 2016)	95,942	-	**95,942**	N/A
Robert Boyle	117,037	-	**117,037**	117,037
Rebecca Miskin	14,800	-	**14,800**	14,800
Andria Vidler	138,574	15,356	**153,930**	15,401
Swagatam Mukerji (appointed 1 October 2016)	-	30,000	**30,000**	30,502
Mark Kerswell (resigned 29 July 2016)	333,108	-	**333,108**	N/A

†Or date of resignation if earlier

The Directors' interests in long-term incentive plans are disclosed in the Remuneration Committee Report on pages 59 to 60.

Qualifying third party indemnity provisions

By virtue of article 217 of the Articles of Association of the Company, a qualifying third party indemnity provision (within the meaning given by section 234 of the Companies Act 2006) is in force at the date of this report in respect of each Director of the Company and was in force throughout the year.

The Company has purchased appropriate insurance in respect of legal actions against Directors and officers.

Charitable and political donations

During the year the Group made a donation to its nominated charity for 2016, Childline, of £118,855, which included third party donations collected at events of £101,947 (2015: donation to Mind of £111,242 including third party collections of £111,242).

No political donations were made during the year (2015: £nil).

Employment policy

The Group is an equal opportunities employer and appoints employees without reference to age, sex, ethnic group or religious beliefs.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the Group who become disabled to continue in their employment or to be trained for other positions in the Group.

The Group actively encourages employee involvement at all levels, both through monthly employee briefings and by direct access to managers and the Executive Committee. In addition, the Share Incentive Plan as described in note 24 encourages employees' participation in the Group's performance.

All employees are regularly briefed on the financial and economic factors affecting the Group's performance and new initiatives through monthly town hall meetings and management cascade communication.

Significant agreements

The Group's bank facility agreement, referred to in note 27 to the financial statements, is a significant agreement that is terminable on a change of control of the Company. In addition, awards under certain of the long-term incentive plans, details of which are set out in note 24, will vest or may be exchanged for awards of a purchaser's shares upon a change of control of the Company.

Conflicts of interest

Following the implementation of legislation on conflicts of interest, reflected in the changes to the Company's Articles of Association in 2008, procedures are in place to deal with such conflicts and they have operated effectively.

Financial instruments

A statement in relation to the financial risk management and use of financial instruments by the Group is presented in note 27 to the financial statements.

Information required under the listing rules

In accordance with the UK Financial Conduct Authority's Listing Rules (LR 9.8.4C), the information to be included in the annual report and financial statements, where applicable, under LR 9.8.4, is set out in this Directors' report, with the exception of details of transactions with shareholders which is set out on page 59.

Going concern

The Directors have carefully assessed the Company's ability to continue trading and have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report and for the foreseeable future. See note 1 of the financial statements for further details.

Subsidiaries

Details of the subsidiaries of the Company are shown in note 31 to the financial statements.

Compliance with the UK Corporate Governance Code

See the Directors' Statement on Corporate Governance for a statement made in respect of the Group's compliance with the provisions of the UK Corporate Governance Code on page 37.

Disclosure of Information to the Auditors

The Directors confirm that, so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Directors' responsibility statement is included on page 64.

Approved by the Board of Directors and signed by order of the Board.

Grainne Brankin
Company Secretary
28 March 2017

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance and supports the UK Corporate Governance Code published in September 2014. The Board sets out its report below on how the Group has applied the principles of, and complied with, the UK Corporate Governance Code during the year.

Compliance statement

The Company has applied the provisions set out in the UK Corporate Governance Code throughout the year. The Board is committed to maintaining a structure, which establishes a sound corporate governance framework on behalf of the Company's shareholders. Throughout the year, the Group has complied with all the provisions of the UK Corporate Governance Code.

The Board

As at 31 December 2016 the Board had four Non-Executive Directors and two Executive Directors (Chief Executive and Chief Financial Officer). Biographies for each currently serving director are shown on page 30. The Board endeavours to maintain diversity in its composition with respect to gender, skills, knowledge and length of service in order to ensure the balanced and effective running of the Company. Ron Sandler is Chairman of the Board and is an independent Non-Executive Director, who leads the Board and ensures that both Executive and Non-Executive Directors make available sufficient time to carry out their duties in an appropriate manner, that all directors receive sufficient financial and operational information, and that there is proper debate at Board meetings.

The Board is responsible for the leadership of the Company and the Group, and in discharging that responsibility it makes decisions objectively and in the best interests of the Group. The Board sets the vision, values and standards for the Group. The balance of the Board, together with the advice sought from the Executive Committee members and the Company's external advisors, ensures that no one individual has unfettered powers of decision. The Board delegates day-to-day responsibility for the running of the Company to the Chief Executive.

The Chairman is responsible for the effective performance of the Board through a schedule of matters reserved for approval by the Board (comprising issues considered most significant to the Group in terms of financial impact and risk) and control of the Board agenda. The Chairman conducts Board and shareholder meetings and ensures that all directors are properly briefed. The Chief Executive, supported by the Chief Financial Officer and Executive Committee, is responsible to the Board for running the business and implementing strategy. The Board reviews the performance of the Executive Directors and the Group against agreed budgets and against the Group's objectives, strategy and values.

The Senior Independent Director during the first part of the year (1 January to 27 July 2016) was Chris Satterthwaite. From 1 July 2016, he was replaced by William Eccleshare, who is also a member of the Remuneration and Nomination Committees. The Company Secretary is Grainne Brankin, who is also General Counsel. The Company Secretary assists the Chairman in ensuring there is efficient communication between all directors, the committees and senior management, as well as the professional development of directors. Independent advisors including lawyers, remuneration specialists and external auditors are available to advise the Non-Executive Directors at the Company's expense. All of the Non-Executive Directors are independent. Committee meetings are held independently of Board meetings and invitations to attend are extended by the Committee Chairman to other directors, the Group's advisors and management as appropriate. The terms of reference of the Audit Committee, the Nomination Committee and the Remuneration Committee, including their roles and the authority delegated to them by the Board, are available on request from the Company Secretary and will be available at the AGM.

Board meetings

During the year, the membership of the Board and of each committee was as follows:

	Board Role	Audit Committee	Remuneration Committee	Nomination Committee
Ronald Sandler (appointed 13 May 2015)	Chairman	Member	Member	Chairman
Christopher Satterthwaite (resigned 27 July 2016)	Senior Independent Director	-	Member	Member
William Eccleshare (appointed 1 July 2016)	Senior Independent Director	-	Member	Member
Robert Boyle	Non-Executive Director	Chairman	Member	-
Rebecca Miskin	Non-Executive Director	Member	Chairman	Member
Andria Vidler[8]	Chief Executive	-	-	-
Swagatam Mukerji (appointed 1 October 2016)	Chief Financial Officer	-	-	-
Mark Kerswell (resigned 29 July 2016)	Group Finance Director	-	-	-

The number of scheduled full Board meetings and committee meetings during the year along with attendance of Directors was as follows:

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
Number of meetings held:	11		5		2		3	
	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Ronald Sandler (appointed 13 May 2015)	11	11	5	5	2	2	3	3
Christopher Satterthwaite (resigned 27 July 2016)	4	6	-	-	1	2	1	1
William Eccleshare (appointed 1 July 2016)	6	6	-	-	1	1	1	1
Robert Boyle	11	11	5	5	2	2	-	-
Rebecca Miskin	11	11	5	5	2	2	3	3
Andria Vidler	11	11	-	-	-	-	-	-
Swagatam Mukerji (appointed 1 October 2016)	3	3	-	-	-	-	-	-
Mark Kerswell (resigned 29 July 2016)	6	6	-	-	-	-	-	-

8 Andria Vidler's married surname is Gibb and she appears as Andria Gibb on some records kept by Companies House.

If a Director is unable to attend a meeting he or she is provided with the same level of information as the other directors in advance of the meeting and given the opportunity to express views, which will then be shared at the meeting.

In addition to the key items identified for discussion by the Committees above, the Board discussed the following matters at the Board meetings during the year:

- Review of financial performance against budget and prior year;
- Review of Group strategy and objectives for the Executive Directors;
- Review and approval of budgets;
- Review of Group key performance indicators;
- Review of acquisition targets;
- Approval of financial reports and communication to shareholders and investors; and
- Approval of the Group's internal control policy, including a robust assessment of the principal risks and corporate governance environment.

Board assessment and Directors' performance evaluation

The Board undertakes a formal evaluation of its own performance and that of its committees and individual directors. Individual evaluation aims to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and committee meetings and other duties). Evaluations are undertaken annually by self-assessment and the Chairman's performance is also evaluated by the other Non-Executive Directors at a separate meeting for this purpose each year. In addition the Chief Executive is subject to an annual performance review with the Chairman. New directors receive an induction programme and all the directors are encouraged to undertake continuous professional development programmes as appropriate. The Group offered training presentations in relation to directors' duties to the Board during 2016 and maintains insurance cover in respect of legal action against its directors.

Management structure

The Board delegates the day-to-day running of the Company to the Executive Directors, who in turn share the operational running of the Group with the Executive Committee. Throughout the year, the Executive Committee was the primary body implementing operational management across the Group. The role of the Executive Committee is to review:

- Financial performance and budget (at operational level);
- Human capital management;
- Operational efficiency and developments (including Group IT, procurement and facilities);
- Product development;
- Market development;
- Business planning;
- Acquisition needs;
- Internal and external communications; and
- Business transformation and change management.

The biographies of the members of the Executive Committee are set out on pages 31 to 32. Supporting the Executive Committee are the Portfolio Directors who are responsible for specific market segments and the expert leaders who lead the teams delivering functional expertise. The focus on our markets and audience enables us to build a deeper understanding of the commercial opportunities across each market. We know that our customers want flexible content that works seamlessly across multiple platforms. By leveraging this market insight and an understanding of our customer requirements we are able to offer a higher value customer proposition. The expert teams provide the expertise and scale that allows us to effectively and efficiently support the delivery of commercial opportunities across each market. The creation of these expert teams also enables us to effectively manage our cost base and to prioritise investment across the business.

Relations with shareholders

The Company encourages meaningful dialogue with all shareholders. Shareholder communication centres primarily on the publication of annual reports, periodic press releases, investor presentations and trading updates. The Chairman and Executive Directors are available for discussions with shareholders throughout the year and particularly around the time of results announcements. The Senior Independent Director is also available should any shareholder wish to draw any

matters to his attention. The Directors are available for comment throughout the year and at all General Meetings of the Company. Centaur Media values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. The Group therefore has an active programme to meet and make presentations to its current and potential shareholders to discuss its objectives. The AGM is used to communicate with investors and they are encouraged to attend the AGM and to participate in proceedings formally or sharing their views with Board members informally after the meeting. The Chairmen of the Audit, Remuneration and Nomination Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and financial statements. The Company counts all proxy votes and indicates the level of proxies lodged on each resolution, after it has been voted on by a show of hands. All shareholders can gain access to the annual reports, trading updates, announcements, press releases and other information about the Company through the Company's website, www.centaurmedia.com.

Risk assessment

Risks that affect or may affect the business are identified and assessed, and appropriate controls and systems implemented to ensure that the risk is managed. The Group's risk register is kept by the Company Secretary with the input of the Executive Committee and is reviewed by the Audit Committee every six months with appropriate mitigation actions also being reported to and overseen by the Committee.

The principal risks facing the Group, with associated mitigating controls, are detailed on pages 23 to 27 within the Strategic Report.

Ethics

The Group carries out its business in a fair, honest and open manner, ensuring that it complies with all relevant laws and regulations. The Company has specific policies on fraud, director conflict, bribery, whistleblowing and slavery and human trafficking, which are widely distributed and compliance with these policies is monitored. The Board has oversight of the Group's actions. The HR team ensures that new job opportunities are made available to existing employees as well as to outside applicants and that all employees are able to benefit from training, career development and promotion opportunities where appropriate. The recruitment of new personnel is made without prejudice and the Group believes in equal opportunity and encourages diversity. The analysis of the Group's workforce and Board by gender is set out in the Corporate Responsibility Report on page 29.

Through all our interaction with our customers and partners we ensure that we treat them fairly and openly whilst abiding by the terms of contracts and relevant law. Equally, we treat our suppliers fairly and do not exploit them or their employees.

Monitoring of controls

The Board has overall responsibility for the effectiveness of the Group's system of risk management and internal controls and these are regularly monitored by the Audit Committee.

Details of the activities of the Audit Committee in this financial year can be found in the Audit Committee Report on page 42.

Greenhouse gas emissions

The disclosure in respect of the greenhouse gas emissions of the Group that are attributable to human activity in tonnes of carbon dioxide is set out in the Corporate Responsibility Report on pages 28 to 29.

Fraud

Whilst the Group cannot guarantee to prevent fraud, an internal control framework is in place to reduce the likelihood of fraud arising. The Group's whistleblowing policy is available to employees on the Company's intranet, should any employee become aware of any incidence of fraud.

Directors' conflicts

Group and subsidiary directors are required to notify their employing company of all directorships they hold. Annual conflict of interest disclosures require them to disclose such directorships or other relationships, which they or a person connected to them may hold. These are reviewed by the Board to assess the impact on the Company and whether it would impair the Group's objectives.

Bribery Act 2010

In response to the Bribery Act 2010, the Board performed a risk assessment across the Group and formalised its policy to prevent bribery. The Board has in place processes to prevent corruption or unethical behaviour. The policy explains what is considered a bribe or facilitation payment, which are prohibited, and provides guidance over the levels of gifts, entertainment and hospitality that are considered reasonable. Training has been mandatory for those groups of employees identified and is available as required to new joiners. During 2017, an online training programme will be made available to all employees. The Group's policy is communicated to all appropriate third parties. The more rigorous processes around declaring directors' interests and identifying potential conflicts have improved the regular monitoring of the Group's policy.

Whistleblowing

The Company is committed to the highest standards of integrity and honesty. Along with other policies which encourage this behaviour, the Group's whistleblowing policy is available to employees on the Company's intranet. This policy allows all employees to disclose openly, in confidence or anonymously, any concerns they may have about possible improper practices, in financial or other matters. An escalation process has been communicated to employees. Any matters raised will be investigated and resolved. The Audit Committee will be notified of any issues raised through this process and appropriate action taken. However, no incidents were noted during the year.

Modern Slavery Act 2015

The Company is committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its business or in any of its supply chains. The Company's slavery and human trafficking statement for the purposes of section 54 of the Modern Slavery Act 2015 is available on the Company's website, www.centaurmedia.com. The Group has in place an anti-slavery and human trafficking policy which has been made available to employees on the Company's intranet and, from 2017, will be notified to all new joiners. Training has been provided to key employees and the policy is communicated to suppliers and other third parties where appropriate.

Capital structure

Information on the share capital structure is included in the Directors' Report on page 33 to 34.

Approved by the Board of Directors and signed by order of the Board.

Grainne Brankin
Company Secretary
28 March 2017

AUDIT COMMITTEE REPORT

Dear Shareholder,

I am pleased to present the report of the Audit Committee ('the Committee') for the year ended 31 December 2016. This report details the Audit Committee's responsibilities and key activities over the period. The role of the Committee is to protect the interests of shareholders regarding the integrity of financial information published by the Group and to oversee the effectiveness of the external audit. It does this through reviewing and reporting to the Board on the Group's financial reporting, internal controls and risk management processes and the performance, independence and effectiveness of the external auditors, PricewaterhouseCoopers LLP ('PwC'). The Committee undertook a formal and competitive audit tender process during 2016, and recommended the re-appointment of PwC for the 2017 audit. The Committee receives regular reports from management on performance and risk management as well as input from the external auditors.

Committee Composition

The Committee is comprised of Non-Executive Directors, Robert Boyle (Chairman), Ron Sandler and Rebecca Miskin, whose biographies are shown on page 30. The membership of the Committee is balanced, and is considered to contain the appropriate combination of recent, relevant financial experience through the Chairman, as well as competence relevant to the sector.

The Executive Directors, representatives of the external auditors and other Group executives, including legal counsel, regularly attend meetings at the invitation of the Committee. The Committee met five times during the year, with all members attending. Meetings are held throughout the year, and timed to align with the overall financial reporting timetable. At least once during the year, the Committee meets separately with the external auditors and with management, and as Chairman I am in regular direct contact with the external auditors and with the Chief Financial Officer.

Roles and Responsibilities

The main roles and responsibilities of the Audit Committee are to:

- Monitor the integrity of the financial statements of the Group and any public announcements relating to the Group's financial performance, reviewing (and approving) significant financial reporting judgements contained in them;
- Review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- Review and assess the annual report in order to determine that it can advise the Board that, taken as a whole, the annual report is fair, balanced and understandable, and provides shareholders with the information they need to assess the Company's position and performance, business model and strategy as required by provision C.1.1 of the UK Corporate Governance Code;
- Make recommendations to the Board in relation to the appointment and terms of engagement of the external auditors and to review and approve levels of audit and non-audit remuneration;
- Develop and implement policy on the engagement of the external auditors to supply non-audit services;
- Review the effectiveness of the Group's internal financial control and risk management systems;
- Review the Group's financial and operational policies and procedures to ensure they remain effective and relevant;
- Oversee the whistleblowing arrangements of the Group and to ensure they are operating effectively; and
- Report to the Board on how it has discharged its responsibilities.

Financial Statements

During the year and up until the date of this report, the Audit Committee undertook the following activities to ensure the integrity of the Group's financial statements and formal announcements:

- Regularly met with management and the Chief Financial Officer to discuss the results and performance of the business, including regular review of the aged debt position throughout the year;
- Received reports from management on the internal controls covering the financial reporting process;
- Reviewed and agreed the external auditors' strategy in advance of their audit for the year;
- Reviewed compliance with requirements under the UK Corporate Governance Code, and in particular its impact on the Strategic Report and Viability Statement;

- Discussed the report received from the external auditors regarding their audit in respect of the prior year, which included comments on significant financial reporting judgements and their findings on internal controls;
- Met with other management personnel including the Head of Credit; and
- Reviewed and discussed with management and the Chief Financial Officer each formal announcement made by the Group.

The most significant financial reporting judgements considered by the Audit Committee and discussed with the external auditors during the year were as follows:

- ***Carrying value of goodwill and intangible assets***

The Audit Committee has reviewed management's assessment of the recoverability of the Group's goodwill and intangible assets and whether there is a need for any resulting impairment. The recoverable amount of goodwill has been determined through value-in-use calculations of each cash-generating unit ('CGU') based on formally Board approved forecasts for the first four years of the value-in-use calculation, and applying a terminal growth rate of 2.0%.

Management's assessment of the recoverability of the Group's goodwill and intangible assets resulted in an impairment of £7.2m being recognised against the goodwill in the Financial Services segment. This was triggered by a sharp downturn in the outlook for advertising and print in a sector which is particularly reliant on these sources of income. The Committee has paid particular attention to the judgements and assumptions used to forecast cash flows, particularly around revenue and adjusted EBITDA growth rates. The Committee was satisfied that the forecasts reflect the CGUs' historical budgeting performance and that reasonable sensitivities were performed, that the value-in-use calculation reflects management's best estimate, and that the impairment recognised against goodwill of £7.2m is appropriate. As a result the Audit Committee was satisfied with the carrying value of goodwill and intangible assets in the Group balance sheet.

Further details on goodwill and the impairment testing are included in note 9 to the financial statements.

- ***Adjusting items***

The Audit Committee has challenged management strongly over recent financial reporting periods with regard to the presentation of exceptional items and other alternative performance measures. Adjusting items disclosed in the year include a significant bad debt provision in relation to historical trade receivables balances of £1.8m (2015: £nil) which is separately reported (see further discussion below), earn-out consideration and amortisation of acquired intangible assets mainly in relation to the acquisition of *Oystercatchers* (see below), and exceptional costs arising in relation to restructuring activities. The Committee notes that the restructuring activities (both staff-related and corporate) arise from specific change programmes during the year, and that they are material and could therefore distort the user's view of the Group's results. The Committee is satisfied that it is appropriate to present these items as adjusting items on the basis that they assist the user in assessing the core operating performance of the Group.

The Committee assesses the appropriateness of all alternative performance measures disclosed as adjusting and the impact these have on the presentation of the Group's results, and is satisfied that they do not inappropriately replace or obscure IFRS measures.

Further details on adjusting items are included in notes 1(b) and 4 to the financial statements.

- ***Recoverability of trade receivables***

As set out in the Financial Review, a period of disruption arose from the introduction of a new accounting platform during 2015, which materially impacted the subsequent collection of trade receivables. Whilst the overall quantum and ageing profile of trade receivables has improved significantly during 2016, with the Group returning to strong cash generation, there is uncertainty regarding the collectability of a legacy of remaining aged debt. At 31 December 2016, gross trade receivables greater than 90 days overdue were £4.1m (2015: £5.0m). During 2016, an additional separately reported charge for the impairment of trade receivables of £1.8m (2015: £nil) has been recognised over and above the £0.5m (2015: £0.6m) reported in adjusted operating profit. This additional charge is material in nature and arises from specific conditions up to Q2 2016 following the implementation of a new accounting platform, and the charge has therefore been presented as an adjusting item.

The Committee notes that collectability of trade receivables is a judgemental area. The Committee has reviewed management's detailed assessment of the recoverability of the trade receivables balance, and the methodology used to determine the provision required, which includes a range of sensitivities. It is also noted that the changed circumstances in 2016 arising from a new accounting system implemented during 2015 resulted in an increase in the provision over and above the level historically required, and this additional charge has been treated as an adjusting item in operating expenses in the income statement.

The Committee is pleased that improvements to front-end billing and credit control processes have been made during the course of the year and the Group continues to make good progress on collecting current receivables and reducing the amount of days' sales outstanding ('DSO'). Both the Audit Committee and the Board have paid close attention to quantum and ageing of trade receivables throughout the year, reviewed the processes and controls implemented to manage the risk of these issues recurring, and have received regular reports from management, including the Head of Credit.

The Committee concurs with management's judgement that the level of provision recorded is adequate, that it is appropriate to present the additional charge of £1.8m as an adjusting item in 2016, and has concluded that appropriate policies and measures have been and continue to be taken to address legacy system and process related issues.

Further details on trade receivables and the associated provision are shown in notes 15 and 27.

- ***Acquisition of Oystercatchers***

On 30 September 2016, the Group acquired the business and assets of The Oystercatchers LLP, which constitutes a Business Combination under IFRS 3. The Committee has reviewed the results of the purchase price allocation exercise performed by management to identify and value intangible assets. The acquisition resulted in an initial consideration of £2.3m, which has been allocated to fair value adjustments in relation to identified intangible assets (brand and customer contracts and relationships) of £1.1m and goodwill relating primarily to employees acquired of £1.2m. Amortisation of the acquired intangibles was £0.1m during 2016, and was presented as an adjusting item, consistent with the Group's accounting policy. Further details on adjusting items can be found in notes 1(b) and 4 to the financial statements.

The agreement also includes contingent consideration relating to an earn-out arrangement of up to £1.2m. Since payment of this consideration is linked to employees remaining in the business up to 31 March 2017, this has been taken through the statement of comprehensive income. In 2016, charges of £0.6m have been treated as an adjusting item in line with the Group's accounting policy.

The Committee notes that the amounts involved are material and require judgement, and concurs with the treatment of the acquisition, including its presentation, in the financial statements.

Further details on the business combination are presented in note 13 to the financial statements.

Going Concern and Viability

The Audit Committee received a report setting out the going concern review undertaken by management which forms the basis of the Board's going concern conclusion. During 2015, the Group agreed a four year £25.0m multi-currency revolving bank facility. The Committee notes that the negative working capital trends experienced during 2015 were reversed during the year. There is significant headroom on all of the financial covenants. On this basis the Committee has concluded that the adoption of the going concern basis is appropriate.

In addition, the Committee has assessed the statement in relation to the longer-term viability of the Group and the Group's principal risks to viability, including reviewing the period over which the statement is made, and reviewing qualitative and quantitative analysis and scenario testing prepared by management. The Committee concluded that the statement in relation to the longer-term viability of the Group in the Strategic Report is appropriate.

Risk Management

The Group's management is responsible for the identification, assessment and management of risk, as well as for designing and operating the system of internal control. The Audit Committee has worked closely with management and received

detailed information to assess the effectiveness of internal financial control and risk assessment and management systems and report on them to the Board (which retains ultimate responsibility).

Having monitored the Group's risk management and internal control system, and having reviewed the effectiveness of material controls, including financial, operational and compliance controls, the Audit Committee confirms on behalf of the Board that it has not identified any significant control failings or weaknesses at any time during the year and to the date of this report. The Committee is satisfied that appropriate actions have been taken to address weaknesses in the order to cash cycle following the accounting system implementation during 2015, and that significant improvements in cash collections have been demonstrated over the year.

Risk of Fraud

The Audit Committee considered the risk of fraudulent financial reporting in the business, and through its review of the effectiveness of internal controls and reporting from management, has concluded that adequate controls were in place during the year.

Whistleblowing

The Committee reviewed the Group's whistleblowing policy and is satisfied that this has met FCA rules and good standards of corporate governance. Further details of the whistleblowing policy are set out within the Directors' Statement on Corporate Governance on page 41.

Other matters

Other matters monitored and approved by the Committee following appropriate presentations during the year were:

- Review of Group tax processes, control and compliance, and review of clarity of tax reporting in the financial statements;
- Review of risk register;
- Review of updated non-audit services policy to align with the FRC Revised Ethical Standards 2016 and EU Audit Regulation;
- Overseeing the external audit tender process; and
- Review of data protection policies and compliance.

Internal Audit

The Committee considered whether it was appropriate to appoint internal auditors and concluded that this is not currently required given the size of the business, its relatively centralised operations and the risks identified together with the mitigating controls.

External Audit

The Group's external auditors are PricewaterhouseCoopers LLP. The Audit Committee monitors the external audit process to ensure high standards of quality and effectiveness. This was assessed throughout the year using a number of measures, including:

- Reviewing the quality and scope of planning of the audit and the level of fees;
- Monitoring the independence and transparency of the audit; and
- Obtaining feedback from management and the Directors on the quality of the audit team, their business understanding and audit approach, and approving reappointment.

PwC have been the Company's external auditor since its incorporation in 2004. During the year, and in light of the requirements of the new EU audit regulations adopted in the UK, the Committee undertook a formal tender process for the external audit relating to the year ending 31 December 2017. The tender process resulted in the Committee recommending to the Board that PwC be retained as external auditors. As part of a planned rotation, Julian Jenkins took on the role of external audit partner, replacing Philip Stokes.

The Audit Committee considered the independence and objectivity of the external auditors through a careful review of their

terms of engagement, scope of work and level of fees (which are shown in note 3 to the financial statements). This included reviewing the nature and extent of non-audit services supplied by the external auditors to the Group, seeking to balance objectivity and value for money.

In light of new regulations, the Committee reviewed and approved updates to the Group's policy regarding non-audit services during 2016. The external auditors are excluded from providing any non-audit services that individually, or in aggregate, may impair the independence of the auditor. Prior approval from the Audit Committee is required for any permitted audit related or other services, and effective from 1 January 2017 fees for any such services may not exceed 70% of the fee for the external audit in any given year.

During the year, PricewaterhouseCoopers LLP provided non-audit services to the Group in respect of taxation compliance and advisory. The Board is satisfied that there has been no impairment of their objectivity and independence. Following the update to the Group's non-audit services policy, tax advisory and compliance services will not be supplied beyond 31 December 2016. The external auditors' report to the Directors and the Audit Committee also confirmed their independence in accordance with auditing standards.

Self-Assessment

During the period the Audit Committee performed a formal, questionnaire based, self-assessment of the effectiveness of the Audit Committee with satisfactory results.

Report to the Board

The Board has requested the Committee to confirm that in its opinion the Board can make the required statement that the annual report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Committee has given this confirmation on the basis of its review of the whole annual report, underpinned by involvement in the planning for its preparation, review of the processes to ensure the accuracy of factual content and by assurances from the Remuneration Committee.

Independent auditors

A resolution is to be proposed at the Annual General Meeting for the re-appointment as auditors of PricewaterhouseCoopers LLP.

Robert Boyle
Chairman of the Audit Committee
28 March 2017

NOMINATION COMMITTEE REPORT

Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2016. This report details the Committee's ongoing responsibilities and key activities over the period.

The Committee comprised Ron Sandler (Chairman), Chris Satterthwaite (to 27 July 2016), William Eccleshare (from 1 July 2016) and Rebecca Miskin, ensuring that there is a majority of independent Non-Executive Directors on the Committee.

Nomination Committee Responsibilities

The Committee's key responsibilities include:

- Reviewing the Board's structure, size and composition;
- Reviewing the composition of Board Committees;
- Defining the role and competencies required for appointments to the Board;
- Identifying, nominating and reviewing candidates for appointment to the Board;
- Putting in place plans for succession for the Chairman and other members of the Board, the Chief Executive and the Chief Financial Officer; and
- Reviewing the leadership needs of the organisation, both Executive and Non-Executive.

The appointment of directors is a matter for the Board, which considers recommendations of the Nomination Committee. The Committee is responsible for ensuring that the Board and the Board Committees are properly constituted and balanced in terms of skills, experience and diversity. Our policy on Board diversity is set out in the Directors' Report above and during the year we had two female Board members, comprising 33% of the Board.

Activities during the year

During the first part of the year, the primary focus of the Committee was to identify and appoint a new Senior Independent Director who would join the Board in preparation for the departure of Christopher Satterthwaite after nine years as a Non-Executive Director of the Group. The Committee was led by Ron Sandler for this purpose and followed a rigorous process that was approved by the Board and supported by executive search consultants. Following a comprehensive short list and interview exercise, the appointment of William Eccleshare was recommended to the Board by the Committee and he was confirmed as a Non-Executive Director as well as Senior Independent Director and member of each of the Remuneration and Nomination Committees effective 1 July 2016.

Following Mark Kerswell's resignation as Group Finance Director in May 2016, the main activity of the Committee was to plan for his succession. The search process was approved by the Committee and facilitated by executive search consultants. In accordance with this process, Swag Mukerji was appointed as Interim Chief Financial Officer from 29 July 2016. The Committee recommended, and the Board approved, Swag's permanent appointment as Chief Financial Officer and appointment to the Board of the Company as an Executive Director from 1 October 2016. Neither of the external search consultancies used in the search process for William Eccleshare and Swag Mukerji have any other connection with Centaur Media.

For the remainder of the year the Committee focused on the responsibilities set out above, including in particular undertaking a review of the Board's structure, size and composition, as well as the effectiveness of the Board and its Committees.

Ron Sandler
Chairman of the Nomination Committee
28 March 2017

REMUNERATION COMMITTEE REPORT

Annual Statement

Dear Shareholder,

On behalf of the Board I am pleased to present to you the Remuneration Report for the year ended 31 December 2016 for which we will be seeking approval at the Annual General Meeting on 9 May 2017. This is in three parts; this Annual Statement, a Policy Report and an Annual Report on Remuneration.

Committee Membership

During the year Centaur Media's Remuneration Committee comprised myself (Chairman), Ron Sandler, Robert Boyle, Chris Satterthwaite (to 27 July 2016) and William Eccleshare (from 1 July 2016).

Context for Executive Remuneration at Centaur Media

The Company's broader remuneration strategies remain unchanged from those outlined in last year's report; we are committed to simplification, performance-related remuneration and long-term share-based incentives.

During the year, Swag Mukerji was appointed to the Board as Chief Financial Officer from 1 October 2016 (following a period as Interim Chief Financial Officer from 29 July 2016), replacing Mark Kerswell who received no payments in connection with his resignation. Swag's remuneration was set in line with our Directors' Remuneration Policy and further details are provided in the Annual Report on Remuneration.

2016 also saw some changes to the Executive Committee which was joined by Linda Smith as Chief Operating Officer, Jane Turner as Divisional Managing Director for Marketing and Suki Thompson, one of the Oystercatchers founders. Andrew Evans and Kathleen Jones left the Group as Divisional Managing Director for Events and Group HR Director respectively and have not been replaced.

Retention of staff at all levels within the Group continues to be a key focus of the Remuneration Committee, reflecting a priority of the Executive Committee and the Group in general. In 2016, we adopted a new more progressive performance review process for employees aimed at improving our ability to recruit and retain employees and to track employee engagement. We are also pleased to report that all Centaur employees are paid above the National Living Wage introduced on 1 April 2016 for working people aged 25 and over.

Executive Remuneration

A review of Centaur Media's executive remuneration was last undertaken in February 2013 by the Committee, and we believe that our remuneration policy, which was last approved by our shareholders in 2016, continues to support our business strategy. We have, however, decided to make some changes to the operation of our policy in respect of both the annual bonus and the Long-Term Incentive Plan and we cover this in more detail below. As usual, we have consulted key shareholders on significant changes.

Andria Vidler's base salary was increased in April 2016 by 3%, and remains unchanged from that amount, disclosed in last year's Remuneration Report. There has been no change to Swag Mukerji's base salary since his appointment. No bonuses will be paid to Andria Vidler or Swag Mukerji for the financial year 2016 as minimum group financial performance criteria were not fulfilled and no bonus was paid to Mark Kerswell for the financial year 2016. The targets set in 2016 in respect of Group revenue and Group adjusted profit before tax have been set out in the Annual Report on Remuneration below. No LTIP or other share awards to the Executive Directors vested in the year and the Annual Report on Remuneration provides details of LTIP awards granted to Andria Vidler and Mark Kerswell in March 2016, and to Swag Mukerji in October 2016. The LTIP awards granted to Andria Vidler and Swag Mukerji are due to vest in March and October 2019 respectively and those granted to Mark Kerswell lapsed upon his resignation.

Share Schemes

Centaur Media's Long Term Incentive Plan ('2016 LTIP'), which was adopted at the AGM in 2016, is the Company's only executive share scheme and will be used in March 2017 to grant the 2017 LTIP awards. Swag Mukerji's LTIP awards were the only awards granted under the 2016 LTIP during the year as other awards made earlier in the year were made under the previous (2006) LTIP scheme. There are no plans to adopt any other schemes, meaning there will be no shareholder vote on share schemes at the 2017 AGM.

Remuneration and activities for 2017

In accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, we are required to publish the results of our first annual gender pay gap analysis on our website by 4 April 2018. To enable us to meet this new requirement, we will be undertaking an analysis of this data for Centaur employees during 2017.

The Company has plans to implement a company-wide professional qualification training programme during 2017 and this will enable us to comply with our obligations under the government's 'apprenticeship levy' which will come into legal force in April 2017 and require larger employers, including the Company, to pay an additional tax intended to be invested in training and which can be rebated if qualifying training is offered to employees.

The budgeted average salary increase for annual pay reviews in April 2017 for management and staff across the Group will be 2% (3% in 2016). This overall amount will be targeted primarily at lower earning employees.

The salaries of the Executive Directors and the fees of the Chairman and Non-Executive Directors have been reviewed in 2016 but will not be increased during 2017, consistent with the context of pay reviews for the broader senior management of the Company.

At the AGM on 9 May 2017, the Annual Statement and Annual Report on Remuneration will be subject to an advisory vote. The Directors' Remuneration Policy was approved by shareholders at our AGM in 2016 and applies for up to three years from such approval. The changes that we are making within the approved policy are all designed to focus the Executive Directors on and to reward them for achieving stretching financial and strategic objectives. They are also designed to reward the Executive Directors and the wider leadership team for delivering shareholder value in extremely challenging market conditions and ensure the retention objective of the LTIP.

In addition to adjusted operating profit we have also set a number of specific financial and strategic goals. These will account for the minority of the maximum bonus.

We also believe that the current market conditions and retention requirements are such that exceptional circumstances exist and the Committee has decided to enhance the share awards made in 2017 under the 2016 LTIP from 100% to 150% of salary for the Chief Executive and 125% of salary on grant to the Chief Financial Officer. The share awards will also be subject to two additional measures for each of which a single target has been set. EPS and relative TSR measured against the FTSE SmallCap (excluding investment trusts) will continue to be performance measures and each have a 30% weighting. The new challenging hurdles are adjusted EBITDA and cumulative free cash flow which reflect the long term plan of the Group. The targets are disclosed in the Annual Report on Remuneration.

I hope that shareholders will vote in favour of the Directors' Remuneration Report and I will of course be happy to answer any questions that shareholders may have before or at the AGM.

Rebecca Miskin
Chair of the Remuneration Committee
28 March 2017

DIRECTORS' REMUNERATION POLICY

Centaur Media's shareholders approved the Directors' Remuneration Policy at the 2016 AGM held on 11 May 2016. We have included an updated version of the Policy to provide context for the Annual Report on Remuneration. It has been updated only to make it easier to follow and to take account of the changes to the Board during 2016, so the substance remains unchanged. A copy of the Policy approved at the 2016 AGM can be found in the 2015 annual report and at www.centaurmedia.com/investors.

Centaur Media recognises the need to attract, retain and incentivise executives with the appropriate skills and talent to manage and develop the Group's businesses, drive the Group's strategy and deliver shareholder value. The main principles of the Directors' Remuneration Policy are:

- To achieve total remuneration packages that are competitive in the sector within which the Group operates and with the market in general;
- To provide an appropriate balance between fixed and variable remuneration which rewards high levels of performance; and
- To incentivise and retain management and to align their interests with those of shareholders.

Considerations of Employment Conditions Elsewhere in the Group

The Committee considers the general base salary increases for all employees when determining the annual salary increases for the Executive Directors. Employees have not been consulted in respect of the design of the Group's Executive Director Remuneration Policy, although the Committee will keep this approach under review.

Consideration of Shareholder Views

The Committee considers shareholder feedback received in relation to the annual report and AGM each year. This feedback, plus any additional feedback received during the course of the year is then considered as part of the Company's annual review of its remuneration policy. In addition, the Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Directors' Remuneration Policy. Details of votes for and against the resolution to approve last year's Remuneration Report are set out in the Annual Report on Remuneration.

Directors' Remuneration Policy – summary table

The table below sets out the remuneration policy that was approved by shareholders in 2016 and which became formally effective from the date of the 2016 AGM. The policy adopted in 2016 was consistent with our first remuneration policy disclosed in the 2014 Annual Report on Remuneration other than in relation to the Centaur Media Long Term Incentive Plan 2006 ('2006 LTIP') which reached the end of its 10-year life in 2016. The 2016 LTIP that was approved at the 2016 AGM, provides that, in exceptional circumstances (e.g. recruitment or retention), awards up to 200% of salary may be granted in any financial year, although the normal maximum award continues to be 100%.

Note that payments may be made under arrangements in place prior to this policy becoming effective (including pension, other benefits and incentives).

The remuneration policy offered to employees of the Group will be adapted to reflect local market practice and seniority.

Element	Purpose and link to strategy	Operation	Maximum	Performance targets and recovery provisions

Base salary	• Reflects the value of the individual and their role
	• Reflects skills and experience over time
	• Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income
		• Reviewed annually, normally effective 1 April
		• Paid in cash on a monthly basis
		• Pensionable
		• Takes periodic account against companies with similar characteristics and sector comparators
			• The Committee has not set a maximum level of salary. Increases will be set in the context of salary increases amongst the wider work force
			• The Committee retains the discretion to make increases above this level in certain circumstances, for example, but not limited to:
			  • An increase in the individual's scope and responsibilities
			  • Alignment to the external market
			  • An increase to reflect an individual's performance and development in the role, e.g. where a new appointment is recruited at a lower salary level and is awarded stepped increases
				• Not applicable

Annual bonus	• Incentivises annual delivery of financial and strategic goals • Maximum bonus only payable for achieving demanding targets	• Targets reviewed annually • Not pensionable • Mandatory deferral of any bonus over 75% of base salary into shares for 3 years • Dividend equivalents may be payable on deferred share awards	• 100% of salary	• Normally measured over a one year performance period • Primarily based on Group's annual financial performance (majority, if not all) • Personal and/or strategic objectives (minority) • Measures for the following years will be set out in the Annual Report on Remuneration of the relevant year • Clawback provisions apply

Long term incentives	• Aligns to main strategic objectives of delivering profit growth and shareholder return	• Annual grant of conditional awards or nil cost options granted
		• Dividend equivalents may be payable on shares to the extent awards vest
			• Awards capped at 100% of salary (200% in exceptional circumstances)	• Normally a three year performance period
				• Performance is based on financial and/or share price based measures (e.g. relative Total Shareholder Return and EPS)
				• The Committee may alter the weighting and targets annually if it determines that it is appropriate to do so
				• Targets for the following years will be set out in the Annual Report on Remuneration
				• Awards vest as follows:
				  • Threshold performance: 25% of award
				  • Maximum performance: 100% of award
				• Clawback provisions apply

Element	Purpose and link to strategy	Operation	Maximum	Performance targets and recovery provisions
Pension	• Provides competitive retirement benefits • Provides an opportunity for Executive Directors to contribute to their own retirement plan	• Defined contributions made to Executive Directors' own pension plans. Cash supplements may also be paid	• Up to 15% of base salary	• Not applicable
Other benefits	• Aids retention and recruitment	• Executive Directors are provided with private medical insurance • Other benefits including company car allowance may be provided if considered appropriate by the Committee	• There is no maximum. Set at a level which the Committee considers is appropriate in the context of the circumstances of the role/ individual and local market practice	• Not applicable
Share ownership	• To provide alignment of interests between Executive Directors and shareholders	• 50% of the net of tax vested LTIP shares required to be retained until the guideline is met	• 100% of salary	• Not applicable

Notes

1.The Annual Report on Remuneration sets out how the Company implemented the policy presented above in 2016 and will apply it in 2017.

2.Not all employees have a bonus opportunity, and below Executive Director level bonus opportunities are generally lower. Participation in the LTIP is limited to Executive Directors and certain selected senior management. Other employees are eligible to participate in the Company's all employee share plan. In general, these differences arise to ensure remuneration arrangements are competitive in the market, together with the fact that remuneration of the Executive Directors and senior executives typically has a greater emphasis on performance related pay. All bonus schemes are discretionary.

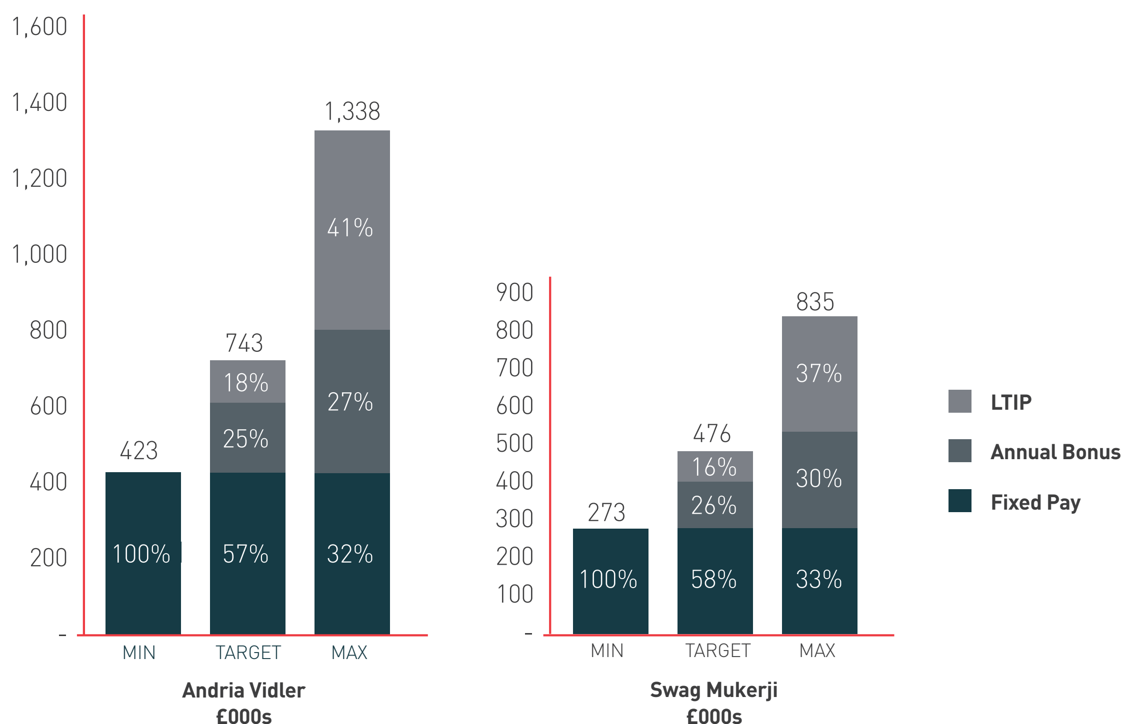
3.The choice of performance metrics applicable to the annual bonus plan reflect the Committee's belief that any incentive compensation should be appropriately challenging and primarily tied to financial measures.

4.The TSR and EPS performance conditions applicable to the LTIP were selected by the Committee on the basis that they reward the delivery of long-term returns to shareholders and the Group's financial growth, and are consistent with the Company's objective of delivering long-term value to shareholders.

5.Executive Directors may participate in any all-employee share plan, in line with HMRC limits, and to the extent offered.

REWARD SCENARIOS

The chart below shows how the composition of each Executive Director's remuneration package varies at different levels of performance under the policy set out above, as a percentage of total remuneration opportunity and as a total value:



Notes

1.Fixed pay consists of salary from 1 April 2017, which is unchanged from 2016. The value of benefits and pension have been estimated for 2017.

2.Target performance is the level of performance required to deliver 50% of the maximum bonus and 25% of the maximum LTIP value (see below).

3.Maximum performance would result in a maximum bonus payment of 100% of salary and full vesting of the maximum LTIP award (150% of salary for Andria Vidler and 125% of salary for Swag Mukerji).

4.No share price appreciation has been assumed.

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's prevailing approved remuneration policy at the time of appointment and would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

On recruitment, salary may (but need not necessarily) be set below the normal market rate, with phased increases as the executive gains experience. The maximum annual bonus would be no more than 100% of salary and grants under the LTIP would be limited to a maximum of 100% of salary (200% in exceptional circumstances). In addition, on recruitment the Company may compensate for amounts foregone from a previous employer (using Listing Rule 9.4.2 if necessary) taking into account the quantum foregone and, as far as reasonably practicable, the extent to which performance conditions apply, the form of award and the time left to vesting.

For an internal appointment, any variable pay element awarded in respect of their prior role should be allowed to pay out according to its terms. Any other on-going remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

The Committee may agree that the Company will meet relocation, legal fees or incidental costs where appropriate.

Executive Director Service Contracts and Loss of Office Payments

The current Executive Directors have service contracts which have a twelve month notice period. In respect of Andria Vidler's service contract (dated 30 October 2013), at the Board's discretion, a payment in lieu of any unexpired notice may be paid, comprising an amount for base salary, pension and any accrued holiday entitlement. The amount may be paid in one lump sum or in two instalments and mitigation will be applied to the second instalment. If termination is within six months of a change of control, a payment equal to 12 months' salary, pension and accrued holiday pay is payable. Where the Company terminates the contract in any other manner, any damages shall be calculated in accordance with common law principles including those relating to mitigation of loss. Notwithstanding the above, the Company is entitled to terminate employment without compensation, damages or payment in lieu of notice in specified circumstances (e.g. serious misconduct).

In respect of Swag Mukerji's service contract (dated 21 September 2016), at the Board's discretion, a payment in lieu of any unexpired notice may be paid, comprising an amount for base salary, pension and any accrued holiday entitlement. The amount may be paid in one lump sum or in two instalments and mitigation will be applied to the second instalment. If termination is within six months of a change of control, a payment equal to 12 months' salary, pension and accrued holiday pay is payable. This will be reduced to six months' salary if the termination date is within six months of the commencement date. Where the Company terminates the contract in any other manner, any damages shall be calculated in accordance with common law principles including those relating to mitigation of loss. Notwithstanding the above, the Company is entitled to terminate employment without compensation, damages or payment in lieu of notice in specified circumstances (e.g. serious misconduct).

An annual bonus will normally be payable for the period of the financial year served, although it will be pro-rated and paid at the normal pay-out date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. However, in certain prescribed circumstances, such as death, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the vesting date set out in the relevant award, subject to the satisfaction of the relevant performance conditions at the time, and reduced pro-rata to reflect the proportion of the performance period actually served. However, the Committee has discretion to determine that awards vest at cessation of employment or to dis-apply time pro-rating.

In addition to the above, outplacement support may be provided and legal fees or any other minor incidental costs which are considered appropriate may be payable.

Remuneration Policy for the Chairman and Non-Executive Directors

The Company Chairman's fee is determined by the Remuneration Committee (other than the Company Chairman, if he sits on the Committee). The fees for the Non-Executive Directors are reviewed by the Board, excluding the Non-Executive Directors. The table summarises the key aspects of the remuneration policy for the Chairman and Non-Executive Directors:

Element	Purpose and link to strategy	Operation	Maximum	Performance targets & recovery provisions
Non-Executive Directors fees	Provides fees reflecting time commitments and responsibilities of each role, in line with those provided by similarly sized companies	• Cash fee normally paid on a monthly basis • Reimbursement of incidental expenses where appropriate • Fees are reviewed periodically	There is no prescribed maximum annual fee or fee increase. The Committee and Board are guided by the general increase in the Non-Executive market, but may decide to award a lower or higher fee increase to recognise, for example, an increase in the scale, scope or responsibility of the role or take account of relevant market movements.	Not applicable

Letters of Appointment

The Chairman and Non-Executive Directors have letters of appointment with the Company, which are for an initial three-year period with an extension for a further three-year period, and provide for a notice period of one month. All existing Directors have chosen to submit to annual re-election at each AGM.

	First appointed as a director	Current letter of appointment commencement date	Current letter of appointment expiry date
Ronald Sandler	13 May 2015	13 May 2015	13 May 2021
William Eccleshare	1 July 2016	1 July 2016	1 July 2019
Robert Boyle	8 January 2010	8 January 2016	8 January 2019
Rebecca Miskin	13 January 2011	14 January 2017	14 January 2020†

† Rebecca Miskin's previous letter of appointment commenced on 13 January 2011 and expired on 13 January 2017

Approach to Recruitment

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

ANNUAL REPORT ON REMUNERATION

Implementation of the Remuneration Policy for the year ending 31 December 2017

A summary of how the Directors' Remuneration Policy will be applied during the year ending 31 December 2017 is set out below:

Base Salary

The Executive Directors' salaries will not be increased during 2017. The current and proposed salaries are therefore as follows:

	From 1 April 2017	As at 1 April 2016	% change
Andria Vidler	£365,959	£365,959	0%
Swagatam Mukerji	£250,000	£250,000*	0%

* Salary on appointment at 1 October 2016

Pension and Benefits

The Committee intends that the implementation of its policy in relation to pension and benefits will be in line with the disclosed policy on page 52 of this report.

Annual Bonus

During 2017 the maximum bonus for Executive Directors will remain at 100% of salary. Performance will be measured against financial results (primarily adjusted operating profit[2]) which will account for the majority of bonus in accordance with our remuneration policy and a small number of stretching strategic objectives linked to key corporate goals. These goals will account for the minority of the maximum bonus award. Any annual bonus greater than 75% of basic salary will be awarded in Centaur Media Plc shares and deferred for three years.

Long-term Incentives

It is intended that LTIP awards granted to Executive Directors in March 2017 under the Centaur Media Long Term Incentive Plan 2016 ('2016 LTIP'), will be on an exceptional basis for the purpose of retention, enhanced to 150% of salary for the Chief Executive and 125% of salary for the Chief Financial Officer. The enhancements are key, in the opinion of the Committee, to retain the Executive Directors and reward them only if they deliver exceptional results in extremely challenging market conditions. The share awards will be subject, as for previous years, to both EPS and relative TSR performance targets. In addition, two additional hurdles are being introduced and they are adjusted EBITDA[7] and cumulative free cash flow (adjusted operating cash flow less cash paid for tax, interest and capital expenditure). Both of these measures, in the opinion of the Remuneration Committee, will be critical to our ability to create long-term value for our shareholders. The structure and the targets are as follows:

- 30% of the 2017 LTIP award will be based on absolute adjusted earnings per share targets. 25% of this part of the award will vest for a threshold adjusted diluted EPS of 6.7p, increasing pro-rata to 100% vesting for a maximum adjusted diluted EPS of 10.7p for the year ending 31 December 2019. The EPS target range for these awards has been set in line with the Company's long-term business plan.
- 30% of the 2017 LTIP award will be based on relative total shareholder return ('TSR') measured against the constituents of the FTSE SmallCap (excluding investment trusts). 25% of this part of the award will vest for median TSR increasing pro-rata to 100% vesting for upper quartile TSR over the three years ending 31 December 2019. In addition to the TSR performance condition, the Committee will need to be satisfied that the Company's TSR performance reflects the underlying financial performance of the Company for this part of an award to vest.

- 20% of the 2017 LTIP award will be based on an adjusted EBITDA[7] hurdle of £20.5m for the year ending 31 December 2019. This part of the award will vest in full only if the hurdle is met or exceeded. The adjusted EBITDA hurdle has been set in line with the Company's long-term business plan.
- 20% of the 2017 LTIP award will be based on a cumulative free cash flow hurdle of £26.1m for the three years ending 31 December 2019. This part of the award will vest in full only if the cumulative free cash flow hurdle has been met. The level of 'stretch' has been set in line with the Company's long-term plan.

The Committee is satisfied that these financial targets represent an appropriate stretch on current forecasts.

We have consulted with our largest shareholders on significant changes which are in line with our approved policy.

Fees for the Chairman and Non-Executive Directors

The Company Chairman's fee and those of the Non-Executive Directors are determined as described on page 55. The fees of the Chairman and the Non-Executive Directors (excluding the Chairman) were reviewed in December 2016, and it is proposed that the fees will not be increased during 2017. The current and proposed fees are as follows:

	From 1 April 2017	As at 1 April 2016	% change
Ronald Sandler (Chairman)	125,000	125,000	0%
William Eccleshare	43,775	43,775	0%
Robert Boyle	43,775	43,775	0%
Rebecca Miskin	43,775	43,775	0%

Remuneration Received by Directors for the Year (audited)

Directors' remuneration for the years ended 31 December 2016 and 2015 was as follows:

		Salary and fees (£)	Benefits (£)	Bonus (£)	Pension (£)	Total (£)
Executive						
Andria Vidler	2016	363,269	18,631	-	40,705	422,605
	2015	351,475	16,056	7,106	41,070	415,707
Swagatam Mukerji (appointed 1 October 2016)†	2016	62,500	1,670	-	1,616	65,786
	2015	-	-	-	-	-
Non-Executive						
Ronald Sandler	2016	125,000	-	-	-	125,000
	2015	79,167	-	-	-	79,167
William Eccleshare (appointed 1 July 2016)	2016	21,888	-	-	-	21,888
	2015	-	-	-	-	-
Robert Boyle	2016	43,456	-	-	-	43,456
	2015	42,500	-	-	-	42,500
Rebecca Miskin	2016	43,456	-	-	-	43,456
	2015	42,500	-	-	-	42,500

		Salary and fees (£)	Benefits (£)	Bonus (£)	Pension (£)	Total (£)
Former Directors						
Mark Kerswell (resigned 29 July 2016)	2016	150,747	1,866	-	13,754	166,366
	2015	242,625	2,634	4,870	24,263	274,392
Christopher Satterthwaite (resigned 27 July 2016)	2016	24,768	-	-	-	24,768
	2015	42,500	-	-	-	42,500

† Prior to his permanent appointment as Chief Financial Officer on 1 October 2016, Swag Mukerji served as Interim Chief Financial Officer under a contract for services, and received fees of £87,000 between 29 June and 30 September 2016. Swag Mukerji's remuneration on appointment as Chief Financial Officer comprised a base salary of £250,000, benefits in line with our approved policy and including a cash allowance in lieu of a pension worth 9% of salary less an amount for employer National Insurance Contributions, a bonus maximum of 100% of salary and an annual award of performance shares under the Long-Term Incentive Plan worth 100% of salary.

Annual Bonus for the Year (audited)

The Remuneration Committee set performance targets at the start of 2016 in respect of both annual revenue and adjusted profit before tax, as well as, for the first time, personal and strategic objectives. The personal and strategic objectives included leadership effectiveness, the communication of the mid-term strategy, and the development and execution of a new growth strategy for the Group. Although good progress was made in these strategic areas, the financial performance outturn of £72.5m and £8.6m respectively for 2016 did not reach the minimum threshold level of financial performance set by the Committee for payment of bonuses. These thresholds were £72.6m (Group revenue) and £10.8m (Group PBTA) and the maximum of the ranges set were £79.5m and £11.9m respectively. As a consequence, no bonus was paid to either Andria Vidler or Swag Mukerji in respect of 2016. This represented 0% of the potential opportunity over the period from 1 January 2016 to 31 December 2016.

Mark Kerswell who left the Company in 2016 did not receive a bonus for the year ended 31 December 2016.

Scheme Interests Awarded during the Year

The Executive Directors received awards under the LTIP scheme during 2016. Mark Kerswell's awards subsequently lapsed when he left the Company on 29 July 2016. These awards were in line with the policy table set out in the Directors' Remuneration Policy and details of these awards are set out below.

Executive	LTIP Scheme	Award date	Number of shares under award	Basis	Face value of awards	Performance condition	Performance period
Andria Vidler	LTIP 2006	30 March 2016	674,194	100% of base salary	£355,300	Vesting will be determined by absolute earnings per share ('EPS') in the final year of the performance period and total shareholder return ('TSR') over the performance period.	1 January 2016 to 31 December 2018
Mark Kerswell	LTIP 2006	30 March 2016	462,049	100% of base salary	£243,400		
Swagatam Mukerji	LTIP 2016	4 October 2016	573,395	100% of base salary	£250,000		

The LTIP awards were structured as nil cost options and the quantum of shares awarded was calculated using a share price of 52.7p at 30 March 2016 and 43.6p at 4 October 2016. The performance conditions for these awards are set out below:

Performance condition	% of shares under award subject to condition	Measurement period	Targets	% of shares under award which will vest
EPS	50%	Year ended 31 December 2018	EPS of 6.5p	25%
			EPS of 10.5p or more	100%
			Between 6.5p and 10.5p	Straight line basis between 25% and 100%
TSR against the constituents of the FTSE SmallCap (excluding investment trusts) at 1 January 2016	50%	1 January 2016 to 31 December 2018	Median	25%
			Upper quartile	100%
			Between median and upper quartile	Straight line basis between 25% and 100%

The TSR element will only vest if there has been sustained improvement in the Company's underlying financial performance over the performance period.

Details of the Executive Directors' awards in November 2013 and March 2015 under the LTIP are detailed in the remuneration table on page 60.

Andria Vidler purchased 3,767 shares during the period under the Share Incentive Plan. The Company matched these shares on a 1 for 2 basis in accordance with the Plan rules, resulting in 1,884 matching shares being awarded in the year.

Board changes and Payments for Loss of Office (audited)

Mark Kerswell (Group Financial Director) and Christopher Satterthwaite (Senior Independent Director) stepped down from the Board with effect from 29 and 27 July 2016 respectively. No compensation for loss of office was paid.

Payments to Past Directors (audited)

Consistent with a long-standing arrangement, Graham Sherren, former Chief Executive and Chairman, was paid £3,000 during the year for advisory services performed.

Directors' Shareholding and Share Interests (audited)

Share ownership plays a key role in the alignment of our executives with the interests of shareholders. The Executive Directors are expected to build up and maintain a shareholding in the Company equal to 100% of salary. Where an executive does not meet this guideline, they are required to retain at least 50% of the vested shares net of tax under the Company's LTIP until the guideline is met.

The tables below set out details of Executive Directors' outstanding share awards under LTIP schemes (which will vest in future years, subject to performance and continued service). Under each scheme the exercise price is £nil.

Executive	At 31 December 2015	Granted	Lapsed	At 31 December 2016	Date of award	Performance period	Exercise period	Share price on date of grant
Andria Vidler	618,182	-	-	618,182	08/11/13	01/07/13 - 31/12/16	13/03/17 - 12/09/17	55.0p
	493,129	-	-	493,129	26/03/15	01/01/15 - 31/12/17	26/03/18 - 25/09/18	72.05p
	-	674,194	-	674,194	30/03/16	01/01/16-31/12/18	30/03/19-29/09/19	52.7p
	1,111,311	**674,194**	**-**	**1,785,505**				
Swagatam Mukerji	-	573,394	-	573,394	04/10/16	01/01/16-31/12/18	04/10/19-03/04/20	43.6p
	-	**573,394**	**-**	**573,394**				
Mark Kerswell	436,364	-	(436,364)	-	08/11/13	01/07/13 - 31/12/16	13/03/17 - 12/09/17	55.0p
	337,959	-	(337,959)	-	26/03/15	01/01/15 - 31/12/17	26/03/18 - 25/09/18	72.05p
	-	462,049	(462,049)	-	30/03/16	01/01/16-31/12/18	30/03/19-29/09/19	52.7p
	774,323	**462,049**	**(1,236,372)**	**-**				

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant).

	Interests in ordinary shares		Shareholding guideline achieved?	Interests in share schemes	Total
Executive	**31 December 2015**	**31 December 2016 ***		**LTIP**	
Andria Vidler	138,574	153,930	No	1,785,505	**1,939,435**
Swagatam Mukerji	-	30,000	No	573,394	**603,394**
Mark Kerswell	333,108	333,108	No	-	**333,108**
Non-Executive					
Ronald Sandler	-	45,000	N/A	-	**45,000**
William Eccleshare	-	-	N/A	-	**-**
Robert Boyle	117,037	117,037	N/A	-	**117,037**
Rebecca Miskin	14,800	14,800	N/A	-	**14,800**
Christopher Satterthwaite	95,942	95,942	N/A	-	**95,942**

* Or date of resignation if earlier

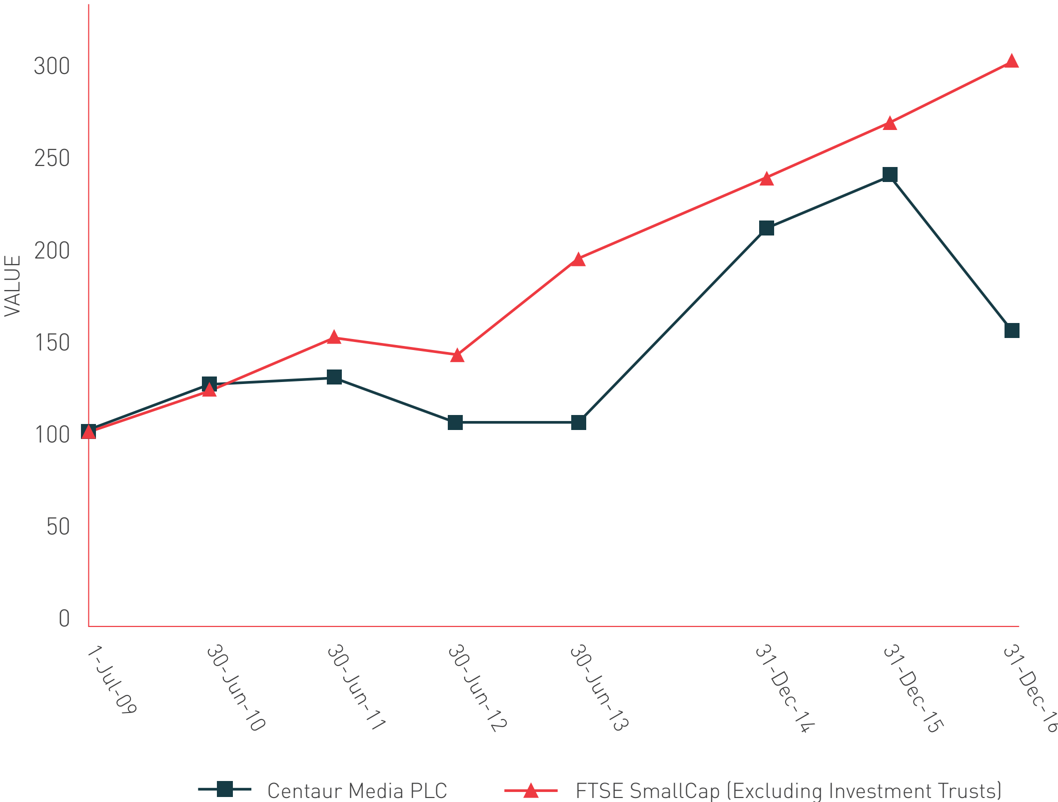
Performance Graph

The graph below shows the total shareholder return ('TSR') of Centaur Media Plc compared to the performance of the FTSE SmallCap (excluding Investment Trusts) over the last seven and a half years. This comparator has been chosen on the basis that it is the group against which performance for the purposes of share awards made under the Long-Term Incentive Plan is assessed. Owing to the change to the financial year end, there was no financial year ended 30 June 2014 and, instead TSR performance for the 18 months ended 31 December 2014 is shown.

The graph shows the value, by 31 December 2016, of £100 invested in Centaur Media Plc on 1 July 2009 compared with the value of £100 invested in the FTSE SmallCap Index (excluding Investment Trusts). The other points plotted represent intervening financial period ends.

Total Shareholder Return

Source: Thompson Reuters Datastream



History of Remunaration for the CEO

The table below sets out the Chief Executive single figure total remuneration over the past seven and a half years.

Period ending	Chief Executive	Total remuneration	Annual bonus (% of max)	Long-term incentives (% of max)
31 December 2016	Andria Vidler	£422,605	0	0
31 December 2015	Andria Vidler	£415,707	2	N/A
31 December 2014 (18 month period)	Andria Vidler (from 14 November 2013)	£670,077	56	N/A
30 June 2013	Geoff Wilmot	£514,920	0	0
30 June 2012	Geoff Wilmot	£363,321†	7	0
30 June 2011	Geoff Wilmot	£568,673	58	0
30 June 2010	Geoff Wilmot	£450,180	45	0

† Excludes £384,704 termination and contractual notice payment as detailed in 30 June 2013 annual report and financial statements.

Change in the Chief Executive's Remuneration

The table below shows the movement in salary, benefits and annual bonus for the Chief Executive between the current and previous financial year compared to all employees of the Company.

Element of remuneration		% change
Salary	Chief Executive	3%
	Employees	4%
Benefits	Chief Executive	10%
	Employees	1%
Annual bonus	Chief Executive	(100)%
	Employees	(39)%

No change was made to the value of the Chief Executive's benefits in 2016. The percentage change during 2016 arises from the comparison of value for a full year of a car-related benefit (in 2016) with a part-year in 2015. The percentage change of (100%) is the result of the zero bonus in 2016.

Relative Importance on the Spend on Pay

The following table sets out the percentage change in distributions to shareholders and employee remuneration costs.

	2016	2015	% Change
Employee remuneration costs	**£29.7m**	£30.2m	(2)%
Dividends paid and share repurchases	**£4.5m**	£4.0m	13%

External Directorships

The Executive Directors did not hold any external directorships in the year.

The Remuneration Committee

The Remuneration Committee is responsible for monitoring, reviewing and making recommendations to the Board at least annually on the broad policy for the remuneration of the Executive Directors, the Chairman and Company Secretary. It also determines their individual remuneration packages, including pension arrangements, bonuses and all incentive schemes and the determination of targets for any performance-related pay schemes operated by the Group. The Committee asks the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements, bonuses, incentive payments and any compensation payments and share option entitlements. In addition, the Committee monitors and recommends the level and structure of remuneration for senior management.

During the year, the Committee consisted of the following Non-Executive Directors: Rebecca Miskin (Chair), Robert Boyle, Chris Satterthwaite (to 27 July 2016), William Eccleshare (from 1 July 2016) and Ron Sandler. The Remuneration Committee meets at least twice each year and met twice formally as well as holding a workshop during 2016. Minutes of the Committee are circulated to the Board once they have been approved by the Committee.

External Advisors

The Remuneration Committee has access to independent advice where it considers it appropriate. During the year, the Remuneration Committee sought advice relating to executive remuneration from New Bridge Street ('NBS'), part of Aon Plc and from FIT Remuneration Consultants ('FIT'), both of whom were appointed by the Remuneration Committee.

The Committee is satisfied that the advice received from NBS and from FIT in relation to executive remuneration matters during the year under review was objective and independent. Both NBS and FIT are members of the Remuneration Consultants Group and abide by the Remuneration Consultants Group Code of Conduct. The fees were charged on a time spent basis and amounted to £12,253 to NBS and £2,260 to FIT.

Statement of Shareholder Voting

At last year's AGM, the Directors' Remuneration Policy and the Directors' Remuneration Report received the following votes from shareholders:

Resolution	Number of votes for (and percentage of votes cast)	Number of votes against (and percentage of votes cast)	Number of votes cast	Number of votes withheld
Approval of Directors' Remuneration Policy	107,205,929 (99.91%)	91,798 (0.09%)	107,297,727	12,250
Approval of Directors' Remuneration Report	107,256,209 (100.00%)	1,542 (0.00%)	107,257,751	52,226

Approval

The Board of Directors has approved this Remuneration Committee Report, including both the Policy and Annual Remuneration Report.

Signed on behalf of the Board of Directors

Rebecca Miskin
Chair of the Remuneration Committee
28 March 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report, including the Remuneration Committee Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Remuneration Committee Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors summary on page 30, confirms that, to the best of their knowledge:

- The Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- The Operational Review and Financial Review, contained in the Strategic Report and the Directors' Report contained in the Governance Report, include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks that it faces.

By order of the Board

Grainne Brankin
Company Secretary
28 March 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTAUR MEDIA PLC

Report on the financial statements

OUR OPINION

In our opinion:

- Centaur Media Plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's loss and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report, comprise:

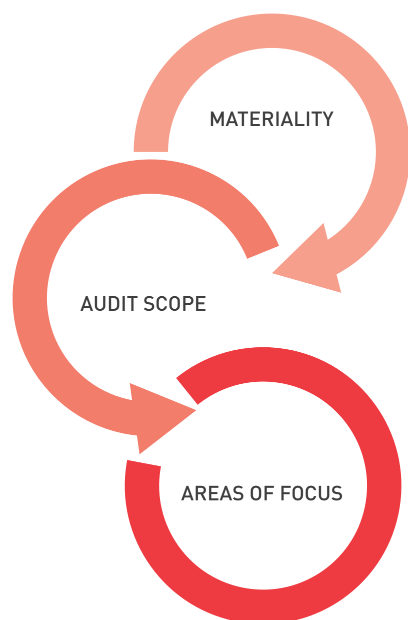
- the Consolidated and Company Statements of Financial Position as at 31 December 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Cash Flow Statements for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

OUR AUDIT APPROACH

Overview



- Overall Group materiality: £0.4 million which represents 5% of Adjusted profit before tax (as presented on the face of the Consolidated Statement of Comprehensive Income).

- The whole Group was audited by the UK audit team at the centralised accounting function which is based in London.

- Goodwill and Intangible assets impairment assessment;
- Recoverability of Trade receivables;
- Classification and measurement of adjusting items; and
- Acquisition accounting for Oystercatchers.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

AREA OF FOCUS - GOODWILL AND INTANGIBLE ASSETS IMPAIRMENT ASSESSMENT

Refer to page 43 (Audit Committee Report), page 95 (Key accounting assumptions, estimates and judgements) and page 108 (Note 9).

Determining if an impairment charge is required for Goodwill and Intangible assets involves significant judgements about the future results and cash flows of the business, including forecast growth in future revenues and operating profit margins, as well as determining an appropriate discount factor and long term growth rate.

Management used a Value in Use model to compute the present value of forecast future cash flows for each segment which was then compared to the carrying value of the net assets of each segment (including Goodwill and Intangible assets) to determine if there was an impairment.

Management aggregates cash generating units ('CGUs') into segments which represent the level at which the cash flows of the businesses (and Goodwill) are monitored and therefore this is the level at which management performs its impairment assessment.

Market conditions remain challenging and performance has varied compared to expectations in certain parts of the business. This has been particularly the case within the Financial Services segment. Management's impairment assessment showed a £7.2 million impairment of Goodwill in this segment which has been recognised in the financial statements.

We therefore focused on this area and the judgements applied to future forecasts to ensure these appropriately factored in historical variances and uncertain market conditions. We also focused on the amount of the impairment charge recognised and checked that appropriate sensitivity disclosures were provided in the financial statements to explain any additional impairment amounts which would arise from reasonably possible changes to the model's key assumptions.

How our audit addressed the area of focus

We checked and confirmed that the allocation of CGUs to segments was consistent with internal management reporting and the prior year.

We evaluated the directors' future cash flow forecasts for each segment, and the process by which they were drawn up. Where historical variances to budget had been unfavourable, management applied a 'reduction factor' to the latest Board forecast to reflect the risk of forecasting inaccuracy and any stretch in the Board forecast. The resulting forecast after application of management's reduction factor was used in the Value in Use model.

We checked the approval of the Board's forecast to 2020 and that management's additional reduction factor to this was reasonably aligned with the historical levels of budgeting inaccuracy.

We considered:

- the directors' key assumptions including revenue and EBITDA growth rates used in the cash flow forecasts by comparing them to historical results, and economic and industry forecasts;
- the discount rate by assessing the cost of capital for the Group and comparable organisations; and
- the long term growth rate by comparing management's rate to forecast long term GDP growth in the UK and industry growth reports and then sensitising management's Value in Use model for reductions in this rate.

We found that the key assumptions were reasonable and the discount and long term growth rates were within our expected range. With regard to the above procedures, including the reflection of historical levels of variance from budget into the future forecasts, we determined that the inputs to the base case Value in Use model were appropriate. This provided sufficient evidence for the impairment charge in the Financial Services segment. All other segments showed headroom above the carrying value of the net assets including Goodwill.

We evaluated the results and disclosure of the sensitivity analyses performed by management (as set out in Note 9). As the carrying value of the Financial Services segment was impaired down to the Value in Use there was no further headroom, and any unfavourable change in assumptions used in the additional sensitivities showed further impairments to Goodwill. In addition, sensitivity disclosures have been made for the Professional segment which was impaired in the prior year and

therefore continues to have a lower level of headroom. We determined the results of these sensitivities are appropriately disclosed and the sensitivities present a fair reflection of reasonably possible changes to assumptions used in the Value in Use model. For the other segments, the sensitivities showed remaining headroom in all scenarios. This included goodwill attributable to the Oystercatchers acquisition which was included in the impairment testing.

AREA OF FOCUS - RECOVERABILITY OF TRADE RECEIVABLES

Refer to page 43 (Audit Committee Report), page 96 (Key accounting assumptions, estimates and judgements) and page 127 (Note 27).

As set out in the Financial Review on page 19 and the Audit Committee Report on page 43, at the year end a significant portion of older invoices remain uncollected. Throughout 2016 management has actively focussed on pursuing these amounts. At 31 December 2016, trade receivables, inclusive of VAT, over 90 days past due date was £4.1 million (2015: £5.0 million) and the associated provision for impairment of trade receivables was £2.5 million (2015: £0.9 million).

The determination of whether trade receivables are collectable involves management judgement. Accordingly, with regard to the amount of aged trade receivables at the year end, we considered whether management's judgements were appropriate and that this estimate reflected the latest available evidence.

We also considered the application of management's policy for providing against aged trade receivables, including the ordinary provisioning policy and the approach taken in 2016 specifically for the increased level of aged receivables. Management recognise provisions for impairment of trade receivables based on specific known facts or circumstances surrounding the invoice or customers' abilities to pay. For example, certain trade receivables may be being pursued through legal avenues and these are mainly provided against. Customers on direct debit payment plans or where deferred income exists are also factors taken into account in determining if a provision for impairment is required.

How our audit addressed the area of focus

We were able to confirm that the policy for providing against trade receivables had been implemented consistently year on year.

For the year end balance, we tested:

- the ageing of trade receivables and that this was accurately determined;
- the accuracy of management's computations of provisions reflecting the history of bad debt write-offs. This included checking that amounts excluded from this computation were appropriate, such as amounts invoiced in advance of exhibitions (where there is an associated liability held within deferred income); and
- the levels of post year end cash received and allocated against aged trade receivables at the year end.

We considered any residual exposure against the circumstances giving rise to the ageing, the ongoing actions taken and in place to collect the aged debt (and what has been achieved to date), together with the history of write-offs in the business. As noted, determining an appropriate level of provision at the year end is a judgemental area and there could therefore be a range of possible outcomes. We concluded that the evidence obtained supports the overall level of provision at the year end of £2.7 million and is within our acceptable range.

We also considered the appropriateness of disclosures made with regard to the additional provision recognised this year. We confirmed the basis and reason for the incremental provision was explained, that this was reflective of 2016 specific circumstances and actions, and that the amount separately reported related only to this additional portion.

AREA OF FOCUS - CLASSIFICATION AND MEASUREMENT OF ADJUSTING ITEMS

Refer to page 43 (Audit Committee Report), page 96 (Key accounting assumptions, estimates and judgements) and page 101 (Note 4).

An Alternative Performance Measure is presented in a separate column on the face of the Consolidated Statement of Comprehensive Income. This adjusts statutory profit for 'exceptional items' and a number of other adjusting items. This Alternative Performance Measure is considered by management as relevant to the assessment of the Group's performance in 2016.

The Group's accounting policy is to separate items of income and expenses as exceptional items where the nature of the item, or its size, is likely to be material and non-recurring in nature so as to provide a better understanding of the results of the operations of the Group.

The exceptional items related mainly to redundancy costs of £0.9 million as part of the Group's ongoing restructuring. Determining whether such items satisfy the Group's policy for exceptional items requires a degree of management judgement and so we focused on the application of policy in this area and the appropriateness of disclosures.

Other adjusting items include amortisation charges on acquired intangible assets of £2.3 million, the annual share based payments charge (credit of £0.1 million for 2016), the goodwill impairment charge and the additional, separately reported charge for impairment of Trade Receivables. The former two items have been historically separated from underlying profit mainly due to their non-cash nature and this is consistent with the presentation used by a number of other industry peers. Due to their significance, the incremental impairment charge of trade receivables and the goodwill impairment charge have also been separately reported as management believe these are useful and relevant to users for an alternative assessment of the Group's results.

How our audit addressed the area of focus

We considered whether the exceptional items recorded were non-recurring in nature and recognised and presented in accordance with the Group's disclosed accounting policy.

Strategic costs include professional fees associated with the group-wide restructuring programme and prospective acquisition activities. The redundancy costs include payments made to certain members of senior management as part of the Group's restructuring of segment reporting lines and roles. We tested the accuracy and completeness of the costs incurred, including checking the actual payments made to those employees. We also checked that these positions were removed from the Group's structure permanently, checking that these costs did not just relate to replacing specific individuals.

Redundancy costs had been incurred in both the current year and in prior years so we challenged management as to whether such costs were therefore non-recurring in nature. Management's view was that whilst these charges have recurred in 2016, they have directly arisen as part of a significant restructuring 'transformation programme' which is ongoing as set out in further detail in the Chairman's Statement on page 5 and the Chief Executive's Report on page 7. Following completion of the restructuring these charges will not recur. Given the scale of this restructuring programme, and that only the redundancy costs specific to this are being separated, we accepted this treatment for the current year.

In respect of other adjusting items, including the amortisation of acquired intangibles and the share based payments charge, we checked management's computations of the costs. Our work on Goodwill impairment and the additional, separately reported impairment of trade receivables is set out separately in this report. As part of this we considered whether adequate explanation was provided of the basis for separately reporting these items.

We also focussed on ensuring that the explanation of Alternative Performance Measures was appropriate, including that the adjusting items were explained, reconciled to statutory measures, and are not given undue prominence. From the evidence obtained, we concurred with management's assessment to classify and disclose these items as separately reported adjusting items, in line with the disclosed accounting policy.

AREA OF FOCUS - ACQUISITION ACCOUNTING FOR OYSTERCATCHERS

Refer to page 44 (Audit Committee Report), page 95 (Key accounting assumptions, estimates and judgements) and page 113 (Note 13).

The Group acquired the business and assets of The Oystercatchers LLP on 30 September 2016 for consideration of £2.3 million. Accounting for the acquisition required a fair value exercise to assess the assets and liabilities acquired, including valuing any separately identifiable intangible assets and Goodwill. The valuation of intangibles requires management to make estimates.

Management performed an in-house valuation exercise to quantify the fair values of identified intangible assets. Management identified £1.1 million of intangible assets in respect of *Oystercatchers*' customer relationships, a specific contract and the brand.

The fair value of these intangible assets was judgemental as it required management assumptions including on customer attrition and growth rates for existing customer revenues. The determination of the discount rate applied to the fair value models was also judgemental as it required the calculation of a risk adjusted weighted average cost of capital.

How our audit addressed the area of focus

We assessed the completeness of intangible assets identified by management against our own expectations, formed from review of the acquisition agreements, our independent understanding of the business acquired and meeting with its management, and a review of disclosures surrounding the rationale for the acquisition. We concluded that the intangible assets identified were appropriate and there were no material omissions.

In relation to the quantum of intangible assets, we examined forecasts and historical information supporting assumptions made, and that determined useful lives were within an acceptable range. From our procedures, we concluded that the identified intangible assets' arising values were within a materially reasonable range.

In forming this conclusion, we considered the level of resulting goodwill as a proportion of the total consideration paid and benchmarked this against similar transactions in the market. We discussed the results of this analysis with management and the Audit Committee and and ensured appropriate disclosure was included within the Annual Report which describes the nature of the arising goodwill.

Based on the work performed in this area, we have determined that the relevant intangible assets and goodwill had been identified and valued appropriately.

In addition, we verified that the basis for allocating the acquired goodwill and intangible assets to the Marketing segment is reasonable and consistent with internal management reporting.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates a centralised accounting function in the UK that is responsible for processing transactions for all entities within the Group and for consolidated financial reporting.

The whole Group was audited by the UK audit team at the centralised accounting function which is based in London.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£0.4 million (2015: £0.5 million).
How we determined it	5% of Adjusted profit before tax (as presented on the face of the Consolidated Statement of Comprehensive Income).
Rationale for benchmark applied	We believe that Adjusted profit before tax provides us with a consistent period on period basis for determining materiality and eliminates the disproportionate effect of a discrete number of items on the benchmark, which was also used last year.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £21,500 (2015: £24,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

Under the Listing Rules we are required to review the Directors' Statement, set out on page page 35, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' Statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION AND COMPLIANCE WITH APPLICABLE REQUIREMENTS

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Corporate Governance Statement set out pages 40 to 41 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and

- the information given in the Corporate Governance Statement set out pages 37 to 41 with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies complies with rules 7.2.2, 7.2.3 and 7.2.7 of the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the information referred to above in the Corporate Governance Statement. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: - materially inconsistent with the information in the audited financial statements; or - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or - otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 64, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on pages 42 to 46, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 23 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on pages 26 and 27 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Committee Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Directors' Remuneration Committee Report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Committee Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Companies Act 2006 we are required to report to you if, in our opinion, a Corporate Governance Statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we consider whether those reports include the disclosures required by applicable legal requirements.

Julian Jenkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Adjusted Results* 2016 £m	Adjusting Items* 2016 £m	Statutory Results 2016 £m	Adjusted Results* 2015 £m	Adjusting Items* 2015 £m	Statutory Results 2015 £m
Revenue	2	**72.5**	**-**	**72.5**	70.5	-	70.5
Net operating expenses	3	**(63.4)**	**(13.0)**	**(76.4)**	(60.0)	(15.2)	(75.2)
Operating profit / (loss)		**9.1**	**(13.0)**	**(3.9)**	10.5	(15.2)	(4.7)
Finance costs	5	**(0.5)**	**-**	**(0.5)**	(0.7)	(0.2)	(0.9)
Profit / (loss) before tax		**8.6**	**(13.0)**	**(4.4)**	9.8	(15.4)	(5.6)
Taxation	7	**(1.8)**	**0.8**	**(1.0)**	(1.9)	0.6	(1.3)
Profit / (loss) for the period attributable to owners of the parent		**6.8**	**(12.2)**	**(5.4)**	7.9	(14.8)	(6.9)
Total comprehensive income / (loss) attributable to owners of the parent		**6.8**	**(12.2)**	**(5.4)**	7.9	(14.8)	(6.9)
Earnings / (loss) per share attributable to owners of the parent	8						
Basic		**4.7p**	**(8.5)p**	**(3.8)p**	5.5p	(10.3)p	(4.8)p
Diluted		**4.5p**	**(8.3)p**	**(3.8)p**	5.3p	(10.1)p	(4.8)p

* Alternative performance measure, refer to note 1(b)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

	Share capital £m	Own shares £m	Share premium £m	Reserve for shares to be issued £m	Deferred shares £m	Retained earnings £m	Total equity £m
At 1 January 2015 as previously reported	15.0	(10.1)	0.7	4.4	0.1	76.7	86.8
Transfers relating to prior periods*	-	3.6	-	(4.0)	-	0.4	-
Restated balance at 1 January 2015	**15.0**	**(6.5)**	**0.7**	**0.4**	**0.1**	**77.1**	**86.8**
Loss and total comprehensive loss	-	-	-	-	-	(6.9)	(6.9)
Transactions with owners:							
Dividends (note 25)	-	-	-	-	-	(4.0)	(4.0)
Fair value of employee services (note 24)	-	-	-	0.5	-	-	0.5
As at 31 December 2015	**15.0**	**(6.5)**	**0.7**	**0.9**	**0.1**	**66.2**	**76.4**
Loss and total comprehensive loss	-	-	-	-	-	(5.4)	(5.4)
Transactions with owners:							
Dividends (note 25)	-	-	-	-	-	(4.3)	(4.3)
Acquisition of treasury shares (note 23)	-	(0.2)	-	-	-	-	(0.2)
Acquisition of business and assets (note 13)	0.1	-	0.4	-	-	-	0.5
Exercise of share awards	-	0.3	-	(0.2)	-	(0.1)	-
Fair value of employee services (note 24)	-	-	-	0.1	-	-	0.1
As at 31 December 2016	**15.1**	**(6.4)**	**1.1**	**0.8**	**0.1**	**56.4**	**67.1**

* See note 1(a)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital £m	Own shares £m	Share premium £m	Reserve for shares to be issued £m	Deferred shares £m	Retained earnings £m	Total equity £m
At 1 January 2015 as previously reported	15.0	(8.2)	0.7	4.4	0.1	100.8	112.8
Transfers relating to prior periods*	-	2.2	-	(4.0)	-	0.3	(1.5)
Restated balance at 1 January 2015	**15.0**	**(6.0)**	**0.7**	**0.4**	**0.1**	**101.1**	**111.3**
Loss and total comprehensive loss	-	-	-	-	-	(2.0)	(2.0)
Transactions with owners:							
Dividends (note 25)	-	-	-	-	-	(4.0)	(4.0)
Fair value of employee services (note 24)	-	-	-	0.5	-	-	0.5
As at 31 December 2015	**15.0**	**(6.0)**	**0.7**	**0.9**	**0.1**	**95.1**	**105.8**
Loss and total comprehensive loss	-	-	-	-	-	(2.2)	(2.2)
Transactions with owners:							
Dividends (note 25)	-	-	-	-	-	(4.3)	(4.3)
Acquisition of treasury shares	-	(0.2)	-	-	-	-	(0.2)
Acquisition of business and assets (note 13)	0.1	-	0.4	-	-	-	0.5
Exercise of share awards	-	-	-	(0.2)	-	0.2	-
Fair value of employee services (note 24)	-	-	-	0.1	-	-	0.1
As at 31 December 2016	**15.1**	**(6.2)**	**1.1**	**0.8**	**0.1**	**88.8**	**99.7**

* See note 1(a)

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The parent company's loss for the year amounted to £2.2m (2015: loss of £2.0m).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

REGISTERED NUMBER 04948078	Note	31 December 2016 £m	31 December 2015 £m
Non-current assets			
Goodwill	9	**72.1**	78.1
Other intangible assets	10	**16.7**	18.3
Property, plant and equipment	11	**2.0**	2.3
Deferred income tax assets	22	**0.6**	0.6
		91.4	99.3
Current assets			
Inventories	14	**2.5**	2.0
Trade and other receivables	15	**15.7**	25.0
Cash and cash equivalents	16	**3.4**	3.1
		21.6	30.1
Total assets		**113.0**	129.4
Current liabilities			
Trade and other payables	19	**(9.7)**	(12.4)
Deferred income		**(16.9)**	(17.0)
Current income tax liabilities	20	**(0.7)**	(0.9)
Borrowings	17	**-**	(1.1)
Provisions	21	**(0.4)**	-
		(27.7)	(31.4)
Net current liabilities		**(6.1)**	(1.3)
Non-current liabilities			
Borrowings	17	**(17.4)**	(20.9)
Deferred income tax liabilities	22	**(0.8)**	(0.7)
		(18.2)	(21.6)
Net assets		**67.1**	76.4
Capital and reserves attributable to owners of the parent			
Share capital	23	**15.1**	15.0
Own shares*		**(6.4)**	(6.5)
Share premium		**1.1**	0.7
Other reserves*		**0.9**	1.0
Retained earnings*		**56.4**	66.2
Total equity		**67.1**	76.4

* Comparative restated – see note 1(a)

The financial statements on pages 75 to 132 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf by:

Swag Mukerji
Chief Financial Officer

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

REGISTERED NUMBER 04948078

	Note	31 December 2016 £m	31 December 2015 £m
Non-current assets			
Investments	12	**134.0**	134.0
		134.0	134.0
Current assets			
Trade and other receivables*	15	**2.1**	1.2
Cash and cash equivalents	16	**-**	-
		2.1	1.2
Total assets		**136.1**	135.2
Current liabilities			
Trade and other payables	19	**(19.0)**	(8.5)
Borrowings	17	**-**	-
		(19.0)	(8.5)
Net current liabilities		**(16.9)**	(7.3)
Non-current liabilities			
Borrowings	17	**(17.4)**	(20.9)
		(17.4)	(20.9)
Net assets		**99.7**	105.8
Capital and reserves attributable to owners of the parent			
Share capital	23	**15.1**	15.0
Own shares*		**(6.2)**	(6.0)
Share premium		**1.1**	0.7
Other reserves*		**0.9**	1.0
Retained earnings*		**88.8**	95.1
Total equity		**99.7**	105.8

* Comparative restated – see note 1(a)

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The parent company's loss for the year amounted to £2.2m (2015: loss of £2.0m).

The financial statements on pages 77 to 132 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf by:

Swag Mukerji
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations	26	**15.3**	6.1
Tax paid		**(1.3)**	(1.4)
Net cash generated from operating activities		**14.0**	4.7
Cash flows from investing activities			
Other acquisitions - settlement of deferred consideration	21	**-**	(0.1)
Disposal of trade and other assets	4	**-**	0.4
Purchase of property, plant and equipment	11	**(0.3)**	(0.5)
Purchase of intangible assets	10	**(2.3)**	(2.8)
Acquisition of business and assets	13	**(1.5)**	-
Net cash flows used in investing activities		**(4.1)**	(3.0)
Cash flows from financing activities			
Payment for shares bought back	23	**(0.2)**	-
Interest paid		**(0.5)**	(0.9)
Dividends paid to Company's shareholders	25	**(4.3)**	(4.0)
Proceeds from borrowings	26	**1.5**	21.0
Repayment of borrowings	26	**(5.0)**	(18.1)
Repayment of loan notes	17	**(1.1)**	-
Net cash flows used in financing activities		**(9.6)**	(2.0)
Net increase / (decrease) in cash and cash equivalents		**0.3**	(0.3)
Cash and cash equivalents at beginning of the year		**3.1**	3.4
Cash and cash equivalents at end of year	**16**	**3.4**	**3.1**

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operating activities	26	**8.5**	2.0
Cash flows from financing activities			
Interest paid		**(0.5)**	(0.9)
Payment for shares bought back	23	**(0.2)**	-
Dividends paid to Company's shareholders	25	**(4.3)**	(4.0)
Proceeds from borrowings	26	**1.5**	21.0
Repayment of borrowings	26	**(5.0)**	(18.1)
Net cash flows used in financing activities		**(8.5)**	(2.0)
Net increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of the financial year		**-**	-
Cash and cash equivalents at end of year	16	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below, to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Centaur Media Plc and its subsidiaries. Centaur Media Plc is a public company limited by shares and incorporated in England and Wales.

(A) BASIS OF PREPARATION

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS Interpretations Committee ('IFRS IC') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis. The Directors have carefully assessed the Group's ability to continue trading, and have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements and for the foreseeable future.

Net debt (see reconciliation in note 26) at 31 December 2016 amounted to £14.1m (2015: £17.9m). In June 2015, the Group agreed a four year £25m multi-currency revolving credit facility with the Royal Bank of Scotland and Lloyds, which runs to 31 August 2019. Cash conversion[4] during 2016 was strong, with the Group returning to positive working capital trends after disappointing cash conversion during 2015. The business model is expected to continue to being highly cash-generative in the future.

The Group has net current liabilities which mainly arise from its normal high levels of deferred income relating to events in the future rather than an inability to service its liabilities. An assessment of cash flows for the next four financial years, which has taken into account the factors described above, has indicated an expected level of cash generation which would be sufficient to allow the Group to fully satisfy its working capital requirements and the guarantee given in respect of its UK subsidiaries, to cover all principal areas of expenditure, including maintenance, capital expenditure and taxation during this period, and to meet the financial covenants under the revolving credit facility.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, events or actions, the actual results may ultimately differ from those estimates.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

New and amended standards adopted by the Group

None of the new standards and amendments to standards (including the Annual Improvements (2014) to existing standards) that are mandatory for the first time for the financial year commencing 1 January 2016 affected any of the amounts recognised in the current period or any prior period, and is not likely to affect future periods.

New standards and interpretations not yet adopted

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group:

- IFRS 9: Financial Instruments is a new standard which enhances the ability of investors and other users of financial information to understand the accounting for financial assets and reduces complexity. The standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the various rules in IAS 39, and also introduces a new expected loss impairment model. This standard is effective for accounting periods commencing on or after 1 January 2018, and the impact is not expected to be material.

- IFRS 15: Revenue from Contracts with Customers is a new standard based on a five-step model framework, which replaces all existing revenue recognition standards. The standard requires revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for accounting periods commencing on or after 1 January 2018.

- IFRS 16: Leases is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single lessee accounting model. A lessee will be required to recognise assets and liabilities for all leases with a term of more than 12 months and depreciate lease assets separately from interest on lease liabilities in the income statement. This standard is effective for accounting periods commencing on or after 1 January 2019.

The Directors anticipate that the adoption of these standards and interpretations in future periods, particularly IFRS 15 and IFRS 16 will impact on the financial statements of the Group. Management is currently undertaking an exercise to quantify the impact of IFRS 15.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

Prior period adjustment

Group financial statements

As at 1 January 2015, the value of treasury shares and shares held in the Employee Benefit Trust in the own shares reserve relating to the vesting of employee share plans (£3.6m) has been transferred to retained earnings, reflecting shares transferred to employees in prior periods. A transfer has also been made from the reserve for shares to be issued of £4.0m to retained earnings, to account for the vesting of these share plans up to 1 January 2015. There is no overall impact from these adjustments on total shareholders' equity or other reported measures as at 1 January 2015.

Company financial statements

As at 1 January 2015, the value of treasury shares and shares held in the Employee Benefit Trust in the own shares reserve relating to the vesting of employee share plans (£2.2m) has been transferred to retained earnings, reflecting shares transferred to employees in prior periods. A transfer has also been made from the reserve for shares to be issued of £4.0m to retained earnings, to account for the vest of these share plans up to 1 January 2015. In addition, the loan balance between the Company and the Employee Benefit Trust previously reported as £1.8m has been written down to account for share plan vests up to 1 January 2015, resulting in a reduction of £1.5m to opening retained earnings and equity.

(B) PRESENTATION OF NON-STATUTORY MEASURES

In addition to statutory measures, the Directors use various non-GAAP key financial measures to evaluate the Group's performance, and consider that presentation of these measures provides shareholders with an additional understanding of its core trading performance. The measures used are explained and reconciled to their equivalent statutory headings below.

Adjusted operating profit and adjusted earnings per share

The Directors believe that adjusted results and adjusted earnings per share provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. The term 'adjusted' is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit.

Adjustments are made in respect of:

- Exceptional items – the Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its size, is material and likely to be non-recurring in nature (in the medium term) so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 4.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) PRESENTATION OF NON-STATUTORY MEASURES (CONTINUED)

- Amortisation of acquired intangible assets – the amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are non-cash charges arising from non-trading investment activities. As such, they are not considered reflective of the core trading performance of the Group. Details of amortisation of intangible assets are shown in note 10.

- Share-based payments – share-based payment expenses or credits are excluded from the adjusted results of the Group as the Directors believe that the volatility of these charges can distort the user's view of the core trading performance of the Group. Details of share-based payments are shown in note 24.

- Impairment of goodwill – the Directors believe that as well non-cash impairment charges in relation to goodwill are generally volatile and material, and therefore exclude any such charges from the adjusted results of the Group. Previous impairment charges were presented as exceptional items. As this charge has recurred in the current year, it is not deemed to be exceptional, but given its materiality it has been separately reported for the reasons set out above. Details of goodwill impairment are shown in note 9.

- Earn-out consideration – deferred or contingent consideration in relation to business combinations recognised in the income statement (as a result of being classified as remuneration under IFRS 3) is not considered reflective of the core trading of the Group since it results from investment activities and is volatile in nature. As such, income statement items relating to business combinations are removed from adjusted results. See notes 13 and 21.

- Profit or loss on disposal of assets or subsidiaries – profit or loss on disposals of businesses are excluded from adjusted results of the Group as they are unrelated to core trading, and can distort a user's understanding of the performance of the Group due to their infrequent and volatile nature. See note 4.

- Other separately reported items – certain other items are excluded from adjusted results where they are considered large or unusual enough to distort the comparability of core trading results year on year. Details of these separately disclosed items are shown in note 4.

The tax related to adjusting items is the tax effect of the items above that are allowable deductions for tax purposes (primarily exceptional items), calculated using the standard rate of corporation tax. See note 7 for a reconciliation between reported and adjusted tax charges.

Further details of adjusting items are included in note 4. A reconciliation between adjusted and statutory earnings per share measures is shown in note 8.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) PRESENTATION OF NON-STATUTORY MEASURES (CONTINUED)

Loss before tax reconciles to adjusted operating profit as follows:

	Note	2016 £m	2015 £m
Loss before tax		**(4.4)**	(5.6)
Adjusting items			
Impairment of goodwill	9	**7.2**	11.9
Amortisation of acquired intangible assets	10	**2.3**	2.2
Share-based payments	24	**(0.1)**	0.7
Earn-out consideration	13	**0.6**	0.1
Additional impairment of trade receivables	4	**1.8**	-
Exceptional operating costs	4	**1.2**	0.7
Profit on disposal of trade and assets	4	**-**	(0.4)
Exceptional finance costs	4	**-**	0.2
Adjusted profit before tax		**8.6**	9.8
Adjusted finance costs	5	**0.5**	0.7
Adjusted operating profit		**9.1**	10.5
Cash impact of adjusting items		**(1.3)**	(0.5)
Tax impact of adjusting items		**0.8**	0.6

Adjusted operating cash flow

Adjusted operating cash flow is not a measure defined by IFRS. It is defined as cash flow from operations excluding the impact of adjusting items, which are defined above, and including capital expenditure. The Directors use this measure to assess the performance of the Group as it excludes volatile items not related to the core trading of the Group, and includes the Group's management of capital expenditure. Statutory cash flow from operations reconciles to adjusted operating cash as below:

	2016 £m	2015 £m
Reported cash flow from operations	**15.3**	6.1
Cash impact of adjusting items	**1.3**	0.5
Working capital impact of adjusting items	**(0.1)**	-
Capital expenditure	**(2.6)**	(3.3)
Adjusted operating cash flow	**13.9**	3.3

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) PRESENTATION OF NON-STATUTORY MEASURES (CONTINUED)

Underlying revenue growth

The Directors review underlying revenue growth in order to allow a like for like comparison of revenues between periods. Underlying revenues exclude the impact of event timing differences, as well the revenue contribution arising from acquired or disposed businesses.

Statutory revenue growth reconciles to underlying revenue growth as follows:

	Marketing £m	Professional £m	Financial Services £m	Home Interest £m	Total £m
Reported revenue 2015	27.0	19.7	12.0	11.8	70.5
Biennial events - AMS	-	(0.4)	-	-	(0.4)
Underlying revenue 2015	**27.0**	**19.3**	**12.0**	**11.8**	**70.1**
Reported revenue 2016	29.7	20.2	9.7	12.9	72.5
Acquired business - *Oystercatchers*	(1.2)	-	-	-	(1.2)
Underlying revenue 2016	**28.5**	**20.2**	**9.7**	**12.9**	**71.3**
Reported revenue growth	10%	3%	(19)%	9%	3%
Underlying revenue growth	6%	5%	(19)%	9%	2%

Adjusted EBITDA

Adjusted EBITDA is not a measure defined by IFRS. It is defined as adjusted operating profit before depreciation and amortisation of intangible assets other than those acquired through a business combination. It is used by the Directors as a measure to review performance of the Group, and forms the basis of some of the Group's financial covenants under its revolving credit facility. Adjusted EBITDA is calculated as follows:

	2016 £m	2015 £m
Adjusted operating profit (as above)	**9.1**	10.5
Depreciation (note 11)	**0.6**	0.9
Amortisation of computer software (note 10)	**2.7**	2.1
Adjusted EBITDA	**12.4**	13.5

Net debt

Net debt is not a measure defined by IFRS. Net debt is calculated as cash less overdrafts and bank borrowings under the Group's financing arrangements. The Directors consider the measure useful as it gives greater clarity over the Group's liquidity as a whole. A reconciliation between net debt and statutory measures is shown in note 26.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Centaur Media Plc and all of its subsidiaries after elimination of intercompany transactions.

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(ii) Business Combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for acquisition of a subsidiary is measured at the aggregate of fair values of assets transferred, liabilities incurred or assumed to the former owners of the acquired business and equity interests issued by the Group in exchange for control of the subsidiary. Acquisition-related costs incurred are expensed as incurred and included in the Consolidated Statement of Comprehensive Income.

Any deferred consideration to be transferred by the acquirer is recognised at fair value. If the conditions attached to the consideration indicate that the payment forms part of the acquisition, a provision is made for the future liability at the acquisition date. Where the deferred consideration is contingent on the continued employment of the vendors, such arrangements are recognised in the Consolidated Statement of Comprehensive Income on a straight line basis over the period over which the contingent consideration is earned with an associated provision on the balance sheet. Subsequent changes to the fair value of the contingent consideration are recognised in accordance with IAS 39 through the Consolidated Statement of Comprehensive Income.

The excess of the aggregate consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net assets acquired is recorded as goodwill.

(D) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Group and Company's functional and presentation currency.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) FOREIGN CURRENCY TRANSLATION (CONTINUED)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of comprehensive income.

(iii) Group Companies

The results and financial position of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are recognised in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(E) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable by the Group for the sales of advertising space, subscriptions and individual publications and revenue from events provided in the normal course of business, net of discounts and value added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Sales of advertising space are recognised in the period in which publication occurs. Sales of publications are recognised in the period in which the sale is made. Sales of online advertising are recognised over the period during which the advertisements are placed. Consideration received in advance for events is deferred and revenue is recognised in the period in which the event takes place.

Revenue from subscriptions to publications and digital services is deferred and recognised on a straight-line basis over the subscription period.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) INVESTMENTS

In the Company's financial statements, investments in subsidiaries are stated at cost less provision for impairment in value.

(G) INCOME TAX

The tax expense represents the sum of current and deferred tax.

Current tax is based on the taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further includes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available to utilise those temporary differences and losses. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is recognised in other comprehensive income.

(H) LEASES

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all of the risks and rewards of ownership are recognised at the commencement of the lease term as finance leases within property, plant and equipment and debt at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and repayments of debt. All other leases are classified as operating leases and the cost is recognised in income on a straight-line basis.

(I) IMPAIRMENT OF ASSETS

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events indicate that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost of disposal and its value-in-use. An asset's value in use is calculated by discounting an estimate of future cash flows by the pre-tax weighted average cost of capital.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Work in progress comprises of costs incurred relating to publications and exhibitions prior to the publication date or the date of the event. Cost of sales entirely represents inventories expensed during the period.

(K) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The historical cost of property, plant and equipment is the purchase cost together with any incidental direct costs of acquisition. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight line-basis over the expected useful economic lives to the Group over the following periods:

Leasehold improvements	- 10 years or the expected length of the lease if shorter
Fixtures and fittings	- 10 years
Computer equipment	- 3 to 5 years

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates adjusted accordingly on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Each year, a review of the estimated useful economic life of each asset is carried out to ensure depreciation rates are adequate.

(L) INTANGIBLE ASSETS

(i) Goodwill

Where the cost of a business acquisition exceeds the fair values attributable to the separable net assets acquired, the resulting goodwill is capitalised and allocated to the cash-generating unit ('CGU') or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill has an indefinite useful life and is tested for impairment annually on a Group level or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Each segment is deemed to be a CGU. Goodwill and acquired intangible assets are tested for impairment in accordance with IAS 36. In assessing whether a write-down of goodwill and acquired intangible assets is required, the carrying value of the segment is compared with its recoverable amount. Recoverable amount is measured as the higher of fair value less cost of disposal and value-in-use. Any impairment is recognised in the statement of comprehensive income (in net operating expenses) and is classified as an adjusting item. Impairment of goodwill is not subsequently reversed.

On the disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) INTANGIBLE ASSETS (CONTINUED)

(ii) Brands and publishing rights, customer relationships and non-compete arrangements

Separately acquired brands and publishing rights are shown at historical cost. Brands and publishing rights, customer relationships and non-compete arrangements acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software

Computer software that is not integral to the operation of the related hardware is carried at cost less accumulated amortisation. Costs associated with the development of identifiable and unique software products controlled by the Group that will generate probable future economic benefits in excess of costs are recognised as intangible assets when the criteria of IAS 38 'Intangible Assets' are met. They are carried at cost less accumulated amortisation and impairment losses.

(iv) Amortisation methods and periods

Amortisation is calculated to write off the cost or fair value of assets on a straight-line basis over the expected useful economic lives to the Group over the following periods:

Computer software	- 3 to 5 years
Brands and publishing rights	- 5 to 20 years
Customer relationships	- 5 to 10 years or over the term of any specified contract
Websites and content	- 3 to 5 years
Non-compete arrangements	- Over the term of the arrangement

(M) EMPLOYEE BENEFITS

(i) Post-employment obligations

The Group and Company contribute to a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions to defined contribution schemes are charged to the statement of comprehensive income when employer contributions become payable.

(ii) Share-based payments

The Group operates a number of equity-settled share-based compensation plans for its employees. The fair value of the share-based compensation expense is estimated using either a Monte Carlo or Black-Scholes option pricing model and is recognised in the statement of comprehensive income over the vesting period with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the awards granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, cash flow performance and remaining an employee of the entity over a specified time period); and

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) EMPLOYEE BENEFITS (CONTINUED)

(ii) Share-based payments (continued)

- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. The Company issues new shares or transfers shares from treasury shares to settle share-based compensation awards.

The award by the Company of share-based compensation awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution, only if it is left unsettled. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(N) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation and the obligation can be reliably estimated.

Provisions for deferred contingent consideration are measured at fair value. Where the deferred consideration is contingent on the continued employment of the vendors, such arrangements are recognised in the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the arrangement.

(O) SHARE CAPITAL AND SHARE PREMIUM

Ordinary and deferred shares are classified as equity. The excess of consideration received in respect of shares issued over the nominal value of those shares is recognised in the share premium account. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share buyback or share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Centaur Employees' Benefit Trust are disclosed as treasury shares and deducted from contributed equity. The Company also holds a non-distributable reserve representing the fair value of unvested share-based compensations plans.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) DIVIDENDS

Dividends are recognised in the period in which they are paid or, in respect of the Company's final dividend for the year, approved by the shareholders in the Annual General Meeting.

(Q) SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Committee has been identified as the chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments. The Group operates in four market-facing divisions: Marketing, Financial Services, Professional, and Home Interest.

(R) FINANCIAL INSTRUMENTS

The Group has applied IFRS 7, Financial Instruments: Disclosures, and IAS 39, Financial Instruments: Recognition and Measurement, as outlined below:

(i) Financial assets

The Group classifies its financial assets in the following categories where relevant: at fair value through profit or loss; loans and receivables; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

All of the Group's financial assets have been classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within net operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against net operating expenses in the statement of comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(R) FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits repayable on demand or maturing within three months of the balance sheet date.

(iv) Financial liabilities

Debt and trade payables are recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost.

Interest expense on debt is accounted for using the effective interest method and is recognised in income.

(v) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(vi) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and carried subsequently at amortised cost. Costs of borrowings are recognised in the statement of comprehensive income as incurred or, where appropriate, across the term of the related borrowing.

(vii) Derivative financial instruments

The Group does not hold derivative financial instruments either for trading purposes or designated as hedges.

(S) KEY ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS requires the use of certain key accounting assumptions and requires management to exercise its judgement and to make estimates. The areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

i) Carrying value of goodwill and other intangible assets

In assessing whether goodwill and other intangible fixed assets are impaired, the Group uses a discounted cash flow model which includes forecast cash flows and estimates of future growth. If the results of operations in future periods are lower than included in the cash flow model, impairments may be triggered. Further details of the assumptions and sensitivities in the discounted cash flow model are included in note 9.

Intangible assets arising on business combinations are identified based on the Group's understanding of the acquired business and previous experience of similar businesses. Consistent methods of valuation for similar types of intangible asset are applied where possible and appropriate, using information reviewed at Board level where available. Discount rates applied in calculating the values of intangible assets arising on the acquisition of subsidiaries are calculated specifically for each acquisition, and adjusted to reflect the respective risk profile of each individual asset based on the Group's past experience of similar assets.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) KEY ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

(ii) Recoverability of trade receivables

The recoverability of trade receivables requires judgement. The Group uses all available evidence to determine the appropriate level of provision for impairment of trade receivables, including known disputes, historical trends in write-offs, collections post year end and the ageing of the receivables. Further details about trade receivables are included in note 15 and information about the credit risk and impairment of receivables are shown in note 27.

(iii) Adjusting items

The term 'adjusted' is not a defined term under IFRS. Judgement is required to ensure that the classification and presentation of certain items as adjusting, including exceptional items, is appropriate and consistent with the Group's accounting policy. Further details about the amounts classified as adjusting are included in notes 1(b) and 4.

(iv) Contingent consideration

The valuation of contingent consideration arising from business combinations ('earn-out' consideration) requires judgement, including the assessing the probability and quantum of the expected payment. The Group uses all available information, including current and forecasted performance under earn-out arrangements to assess the required level of provision. Items relating to earn-out consideration are treated as an adjusting item under the Group's accounting policy. Further details about the classification of earn-out consideration are included in notes 1(b) and 4, and details of current and prior year earn-out arrangements and provisions are shown in notes 13 and 21.

2 SEGMENTAL REPORTING

The Executive Committee has been identified as the chief operating decision-maker, reviewing the Group's internal reporting on a monthly basis in order to assess performance and allocate resources.

The Group is organised around four reportable market-facing segments: Marketing, Financial Services, Professional and Home Interest. The Professional segment aggregates the Legal, Human Resources, Engineering and Travel & Meetings portfolios, which are deemed to have similar profiles of risk and return. All segments derive revenues from a combination of live events, premium content and advertising revenues. Corporate income and costs are allocated to these segments on an appropriate basis, depending on the nature of the costs, including in proportion to revenues or headcount. There is no inter-segmental revenue.

Segment assets consist primarily of property, plant and equipment, intangible assets including goodwill, inventories and trade receivables. Segment liabilities comprise trade payables, accruals and deferred income.

Corporate assets and liabilities comprise current and deferred tax balances, cash and cash equivalents and borrowings.

Capital expenditure comprises additions to property, plant and equipment, intangible assets and includes additions resulting from acquisitions through business combinations.

2 SEGMENTAL REPORTING (CONTINUED)

	Marketing £m	Financial Services £m	Professional £m	Home Interest £m	Group £m
2016					
Revenue	**29.7**	**9.7**	**20.2**	**12.9**	**72.5**
Adjusted operating profit	4.2	0.6	2.1	2.2	9.1
Amortisation of acquired intangibles	(1.6)	(0.2)	(0.1)	(0.4)	(2.3)
Impairment of goodwill	-	(7.2)	-	-	(7.2)
Earn-out consideration	(0.6)	-	-	-	(0.6)
Additional impairment of trade receivables	(0.8)	(0.2)	(0.5)	(0.3)	(1.8)
Exceptional operating costs	(0.4)	(0.2)	(0.5)	(0.1)	(1.2)
Share-based payments	0.1	-	-	-	0.1
Operating loss	**0.9**	**(7.2)**	**1.0**	**1.4**	**(3.9)**
Finance costs					(0.5)
Loss before tax					**(4.4)**
Taxation					(1.0)
Loss for the year from continuing operations					**(5.4)**
Segment assets	56.1	9.3	29.5	13.2	108.1
Corporate assets					4.9
Consolidated total assets					**113.0**
Segment liabilities	(11.6)	(2.0)	(7.2)	(4.5)	(25.3)
Corporate liabilities					(20.6)
Consolidated total liabilities					**(45.9)**
Other items					
Capital expenditure (tangible and intangible assets)	1.1	0.3	0.7	0.5	**2.6**

2 SEGMENTAL REPORTING (CONTINUED)

	Marketing £m	Financial Services £m	Professional £m	Home Interest £m	Group £m
2015					
Revenue	**27.0**	**12.0**	**19.7**	**11.8**	**70.5**
Adjusted operating profit	4.1	2.1	2.2	2.1	10.5
Amortisation of acquired intangibles	(1.5)	(0.3)	(0.1)	(0.3)	(2.2)
Impairment of goodwill	-	-	(11.9)	-	(11.9)
Earn-out consideration	-	-	(0.1)	-	(0.1)
Exceptional operating costs	(0.1)	(0.2)	(0.2)	(0.2)	(0.7)
Profit on disposal of trade and assets	-	-	0.4	-	0.4
Share-based payments	(0.3)	(0.1)	(0.2)	(0.1)	(0.7)
Operating loss	**2.2**	**1.5**	**(9.9)**	**1.5**	**(4.7)**
Finance costs					(0.9)
Loss before tax					(5.6)
Taxation					(1.3)
Loss for the year from continuing operations					**(6.9)**
Segment assets	57.1	17.9	30.6	15.2	120.8
Corporate assets					8.6
Consolidated total assets					**129.4**
Segment liabilities	(17.5)	(3.3)	(4.3)	(1.6)	(26.7)
Corporate liabilities					(26.3)
Consolidated total liabilities					**(53.0)**
Other items					
Capital expenditure (tangible and intangible assets)	1.4	0.5	0.9	0.6	**3.4**

2 SEGMENTAL REPORTING (CONTINUED)

Supplemental Information - Revenue by Geographical Location

The Group's revenues from external customers by geographical location are detailed below.

	2016 £m	2015 £m
United Kingdom	**59.5**	59.7
Europe (excluding United Kingdom)	**4.0**	3.7
North America	**6.2**	3.9
Rest of world	**2.8**	3.2
	72.5	70.5

Substantially all of the Group's net assets are located in the United Kingdom. The Directors therefore consider that the Group currently operates in a single geographical segment, being the United Kingdom.

The Group's revenue by type is as follows:

	2016 £m	2015 £m
Sale of goods and services		
Premium content	**20.8**	19.9
Live events	**30.7**	27.2
Advertising	**20.2**	22.5
Other	**0.8**	0.9
	72.5	70.5

3 NET OPERATING EXPENSES

Operating loss is stated after charging / (crediting):

	Note	Adjusted Results 2016 £m	Adjusting Items 2016 £m	Statutory Results 2016 £m	Adjusted Results 2015 £m	Adjusting Items 2015 £m	Statutory Results 2015 £m
Net foreign exchange gains		**0.3**	**-**	**0.3**	-	-	-
Employee benefits expense	6	**30.3**	**0.9**	**31.2**	30.2	0.6	30.8
Depreciation of property, plant and equipment	11	**0.6**	**-**	**0.6**	0.9	-	0.9
Amortisation of intangible assets	10	**2.7**	**2.3**	**5.0**	2.1	2.2	4.3
Impairment of goodwill	9	**-**	**7.2**	**7.2**	-	11.9	11.9
Earn-out consideration	13	**-**	**0.6**	**0.6**	-	0.1	0.1
Other exceptional operating costs	4	**-**	**0.3**	**0.3**	-	0.1	0.1
Operating lease rentals		**1.8**	**-**	**1.8**	1.8	-	1.8
Repairs and maintenance expenditure		**0.3**	**-**	**0.3**	0.2	-	0.2
Impairment of trade receivables	27	**0.5**	**1.8**	**2.3**	0.6	-	0.6
Share-based payment (credit) / expense	24	**-**	**(0.1)**	**(0.1)**	-	0.7	0.7
Profit on disposal of trade and assets	4	**-**	**-**	**-**	-	(0.4)	(0.4)
Other operating expenses		**26.9**	**-**	**26.9**	24.2	-	24.2
		63.4	**13.0**	**76.4**	60.0	15.2	75.2
Cost of sales		**34.3**	**-**	**34.3**	33.2	-	33.2
Distribution costs		**1.1**	**-**	**1.1**	1.3	-	1.3
Administrative expenses		**28.0**	**13.0**	**41.0**	25.5	15.2	40.7
		63.4	**13.0**	**76.4**	60.0	15.2	75.2

Rental income for the sub-lease of properties under leases totalled £0.7m (2015: £0.6m).

See note 1(b) and 4 for details of adjusting items.

3 NET OPERATING EXPENSES (CONTINUED)

Services provided by the Company's auditor

	2016 £'000	2015 £'000
Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements	**150**	139
Additional audit fees relating to prior year	**55**	-
Fees payable to the Company's auditors and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**10**	30
Total audit fees	**215**	169
Audit related assurance services	**28**	28
Taxation compliance services	**17**	131
Other taxation advisory services	**66**	104
Other assurance services	**29**	10
Total non-audit fees	**140**	273
Total fees	**355**	442

4 ADJUSTING ITEMS

As discussed in note 1(b), certain items are presented as adjusting. These are detailed below:

	Note	2016 £m	2015 £m
Exceptional operating costs			
Staff related restructuring costs	6	**0.9**	0.6
Costs relating to strategic corporate restructuring initiatives		**0.3**	0.1
Exceptional operating costs		**1.2**	0.7
Impairment of goodwill	9	**7.2**	11.9
Profit on disposal of trade and assets		**-**	(0.4)
Amortisation of acquired intangible assets	10	**2.3**	2.2
Additional impairment of trade receivables	27	**1.8**	-
Share-based payments	24	**(0.1)**	0.7
Earn-out consideration	13	**0.6**	0.1
Adjusting items to operating profit		**13.0**	15.2
Exceptional finance costs	5	**-**	0.2
Adjusting items to profit before tax		**13.0**	15.4
Tax relating to adjusting items	7	**(0.8)**	(0.6)
Total adjusting items after tax		**12.2**	14.8

4 ADJUSTING ITEMS (CONTINUED)

Exceptional costs

Staff related restructuring costs

During 2016, exceptional restructuring costs of £0.9m were incurred as a result of the cost reduction programme and reorganisation of the operational management structure, including the Executive Committee. Whilst similar costs have been incurred previously, such costs linked to the Group's transformation programme are not expected to recur once this is completed, and as such these costs are deemed to be exceptional in nature.

In 2015 exceptional restructuring costs of £0.6m were recognised as a result of restructuring activities and changes in senior management.

Costs relating to strategic corporate restructuring initiatives

These costs relate to professional fees relating to strategic corporate restructuring initiatives £0.2m (2015: £0.1m) and non-trading costs arising on prior disposals £0.1m.

Exceptional finance costs

2015 costs of £0.2m related to unamortised costs of £0.1m relating to the previous facility and legal fees of £0.1m associated with refinancing of the Group's revolving credit facility in 2015.

Other adjusting items

Other adjusting items relate to the amortisation of acquired intangible assets (see note 10) and share-based payment costs (see note 24) as well as the items discussed below:

Impairment of trade receivables

An additional, separately reported charge has been recognised in relation to impairment of trade receivables of £1.8m (2015: £nil). As a result of disruption during the second half of 2015 and into the early part of 2016 arising from a new accounting system implementation in 2015 an amount of legacy and older debt remains unpaid at 31 December 2016, which is significantly in excess of levels historically experienced by the Group. A detailed review and risk assessment to ascertain the recoverability of this debt has been undertaken. This review, together with the fact there is further extended ageing despite active pursuit of the amounts in 2016 has meant the Group considers it necessary to provide against potentially uncollectible aged debt at levels in excess of those which would be required under normal trading conditions. The quantum of this additional provision arises from unique circumstances following an accounting system implementation, therefore the charge of £1.8m (2015: £nil) has been separately reported in adjusting items. In addition, an ordinary £0.5m (2015: £0.6m) charge has been recorded in adjusted operating profit, which is not separately reported.

Impairment of goodwill

During 2016, an impairment of £7.2m was recognised against the goodwill in the Financial Services segment. During 2015, the impairment charge of £11.9m related to goodwill in the Professional segment. More detail is given in note 9.

4 ADJUSTING ITEMS (CONTINUED)

Earn-out consideration

In 2016, a charge of £0.6m has been recognised in relation to the Oystercatchers acquisition earn-out, see note 13 for further details. The charge in 2015 of £0.1m related to an increase in the deferred contingent consideration associated with the acquisition of Venture Business Research Limited ('VB Research').

Profit on disposal of trade and assets

On 6 February 2015, the Group sold the trade and assets of the Aidex Exhibition brand sitting within the Professional segment for total consideration, and profit on disposal, of £0.4m.

5 FINANCE COSTS

	2016 £m	2015 £m
Interest payable on revolving credit facility	**0.4**	0.5
Commitment fees and amortisation of arrangement fee in respect of revolving credit facility	**0.1**	0.2
Adjusted finance costs	**0.5**	0.7
Exceptional finance costs	**-**	0.2
Reported finance costs	**0.5**	0.9

Exceptional finance costs in 2015 related to unamortised facility costs (£0.1m) and legal fees (£0.1m) associated with the refinancing of the Group's revolving credit facility.

6 DIRECTORS AND EMPLOYEES

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Wages and salaries	**25.5**	25.6	**0.9**	1.2
Social security costs	**3.4**	3.0	**0.1**	0.2
Other pension costs	**0.9**	0.9	**0.1**	-
Adjusted staff costs	**29.8**	29.5	**1.1**	1.4
Exceptional redundancy costs (note 4)	**0.9**	0.6	**-**	-
Earn-out consideration (note 13)	**0.6**	0.1	**-**	-
Equity-settled share-based payments (note 24)	**(0.1)**	0.7	**-**	0.7
Total staff costs	**31.2**	30.9	**1.1**	2.1

6 DIRECTORS AND EMPLOYEES (CONTINUED)

The average monthly number of employees employed during the year, including directors, was:

	2016 Group Number	2015 Group Number	2016 Company Number	2015 Company Number
Marketing	**168**	146	**-**	-
Financial Services	**48**	42	**-**	-
Professional	**93**	78	**-**	-
Home Interest	**61**	59	**-**	-
Central	**184**	239	**4**	4
	554	564	**4**	4

The Company's employees have contracts of service with Centaur Communications Limited and are paid by Chiron Communications Limited, both Group companies. As the employees provide services to the Company, their costs are recharged and the relevant disclosures are made in the financial statements.

Key management compensation

	2016 £m	2015 £m
Salaries and short term employment benefits	**1.9**	1.9
Termination benefits	**0.3**	0.3
Post-employment benefits	**0.1**	0.1
Share-based payments	**(0.1)**	0.4
Earn-out consideration	**0.2**	-
	2.4	2.7

Key management is defined as the Executive Directors and Executive Committee members.

Aggregate Directors' remuneration

	2016 £m	2015 £m
Salaries, fees, bonuses and benefits in kind	**1.0**	1.0
Amounts receivable under long term incentive schemes	**(0.1)**	0.2
Post-employment benefits	**0.1**	0.1
	1.0	1.3

6 DIRECTORS AND EMPLOYEES (CONTINUED)

Highest paid director's remuneration

	2016 £m	2015 £m
Salaries, fees, bonuses and benefits in kind	**0.4**	0.4
Amounts receivable under long term incentive schemes	**0.1**	0.1
Post-employment benefits	**0.1**	0.1
	0.6	0.6

No directors exercised share options during the current or prior year. No directors were paid compensation in respect of loss of office during either year. Further details of Directors' remuneration are included in the Remuneration Committee Report between pages 48 to 63.

7 TAXATION

	2016 £m	2015 £m
Analysis of charge for the year		
Current tax		
UK Corporation Tax	**1.2**	1.5
Overseas tax	**0.1**	0.5
Adjustments in respect of prior years	**(0.2)**	0.1
	1.1	2.1
Deferred tax (note 22)		
Current period	**(0.3)**	(0.8)
Adjustments in respect of prior years	**0.2**	-
	(0.1)	(0.8)
Taxation	**1.0**	1.3

7 TAXATION (CONTINUED)

The tax charge for the year can be reconciled to the loss in the statement of comprehensive income as follows:

	2016 £m	2015 £m
Loss before tax	**(4.4)**	(5.6)
Tax at the UK rate of corporation tax of 20.0% (2015: 20.25%)	**(0.9)**	(1.1)
Effects of:		
Expenses not deductible for tax purposes	**0.5**	0.1
Goodwill impairment not deductible	**1.4**	2.4
Effects of changes in tax rate on deferred tax balances	**-**	(0.1)
Relating to intra-group debt simplification	**-**	(0.6)
Adjustments in respect of prior years	**-**	0.1
Effect of different tax rates of subsidiaries in other jurisdictions	**-**	0.5
	1.0	1.3

The Finance Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. This change had been substantively enacted at the balance sheet date and, therefore, the Group's deferred tax balances are recorded at 19%.

During 2015, the simplification of intragroup financing structures resulted in a waiver of certain loan and financing arrangements between Group companies. The Group held a related deferred tax liability connected to these balances which was written off to the income statement upon the waiver. No current tax arose given the transaction was non-cash in nature.

A reconciliation between the reported tax expense and the adjusted tax expense, taking account of adjusting items as discussed in note 1(b) and 4 is shown below:

	2016 £m	2015 £m
Reported tax expense	**1.0**	1.3
Effects of:		
Amortisation of acquired intangible assets	**0.3**	0.3
Additional impairment of trade receivables	**0.4**	-
Share-based payments	**(0.1)**	0.1
Exceptional expenses	**0.1**	0.2
Earn-out consideration	**0.1**	-
Adjusted tax expense	**1.8**	1.9

8 EARNINGS PER SHARE

Basic earnings per share ('EPS') is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year. 91,191 (2015: 473,859) shares held in the Employee Benefit Trust and 6,870,437 (2015: 6,472,990) shares held in treasury have been excluded in arriving at the weighted average number of shares.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. This comprises share options and awards (including those granted under the Sharesave plan) granted to Directors and employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. Basic and diluted earnings per share have also been presented on an adjusted basis, as the Directors believe that this measure is more reflective of the core performance of the Group.

	2016 Earnings attributable to owners of the parent £m	2016 Weighted average number of shares millions	2016 Earnings per share Pence	2015 Earnings attributable to owners of the parent £m	2015 Weighted average number of shares millions	2015 Earnings per share Pence
Basic	**(5.4)**	**143.6**	**(3.8)**	(6.9)	143.2	(4.8)
Effect of dilutive securities						
Options*	**-**	**-**	**-**	-	-	-
Diluted	**(5.4)**	**143.6**	**(3.8)**	(6.9)	143.2	(4.8)
Adjusted						
Basic	**(5.4)**	**143.6**	**(3.8)**	(6.9)	143.2	(4.8)
Amortisation of acquired intangible assets (note 10)	**2.3**		**1.6**	2.2		1.5
Exceptional finance costs	**-**		**-**	0.2		0.1
Additional impairment of trade receivables	**1.8**		**1.3**	-		-
Earn-out consideration	**0.6**		**0.4**	0.1		-
Other exceptional operating costs (note 4)	**1.2**		**0.8**	0.7		0.6
Share-based payments	**(0.1)**		**(0.1)**	0.7		0.5
Impairment of goodwill	**7.2**		**5.0**	11.9		8.3
Profit on disposal of trade and assets	**-**		**-**	(0.4)		(0.3)
Tax effect of above adjustments	**(0.8)**		**(0.5)**	(0.6)		(0.4)
Adjusted basic	**6.8**	**143.6**	**4.7**	7.9	143.2	5.5
Effect of dilutive securities						
Options	**-**	**6.2**	**(0.2)**	-	4.5	(0.2)
Adjusted diluted	**6.8**	**149.8**	**4.5**	7.9	147.7	5.3

* Due to the reported losses during 2016 and 2015, the effect of share options and awards was not dilutive

9 GOODWILL

	Group £m
Cost	
At 1 January 2015 and 31 December 2015	155.1
Additions in the year	1.2
At 31 December 2016	**156.3**
Accumulated impairment	
At 1 January 2015	65.1
Charge for the year	11.9
At 31 December 2015	77.0
Charge for the year	7.2
At 31 December 2016	**84.2**
Net book value	
At 31 December 2016	**72.1**
At 31 December 2015	78.1

Additions in the year relate to the acquisition of the business and assets of The Oystercatchers LLP ('*Oystercatchers*'). See note 13 for further details.

Goodwill by segment

Each segment is deemed to be a Cash Generating Unit ('CGU'), being the lowest level for which cash flows are separately identifiable. See note 2 for details regarding how the Group's segments are determined. The majority of the Group's goodwill arose on the acquisition of the Centaur Communications group in 2004.

Goodwill is allocated to segments as follows:

	Marketing £m	Financial Services £m	Professional £m	Home Interest £m	Total £m
At 31 December 2016	**37.9**	**5.1**	**21.6**	**7.5**	**72.1**
At 31 December 2015	36.7	12.3	21.6	7.5	78.1

Impairment testing of goodwill and acquired intangible assets

During the year, goodwill and acquired intangible assets were tested for impairment in accordance with IAS 36. In assessing whether a write-down of goodwill and acquired intangible assets is required, the carrying value of the segment is compared with its recoverable amount. Recoverable amount is measured based on the higher of value-in-use and fair value less costs of disposal.

9 GOODWILL (CONTINUED)

The Group estimates the value-in-use of its CGUs using a discounted cash flow model, which adjusts the cash flows for risks associated with the assets and discounts these using a pre-tax discount rate of 12.6% (2015: 13.2%). The discount rate used is consistent across all segments, which are all based predominantly in the UK and considered to have similar risks and rewards.

The key assumptions used in calculating value-in-use are revenue growth, margin, adjusted EBITDA, discount rate and the terminal growth rate. The Group has used formally Board approved forecasts for the first four years of the calculation and applied a terminal growth rate of 2.0% (2015: 2.25%). For impairment testing purposes, these are then adjusted to reflect any historical levels of forecasting inaccuracy. This timescale and the terminal growth rate are both considered appropriate given the cyclical nature of the Group's revenues and are consistent with the Group's strategic planning horizons.

The assumptions used in the calculations of value-in-use for each segment have been derived based on a combination of past experience and management's expectations of future growth rates in the business.

At 31 December 2016, before impairment testing, goodwill of £37.9m, £12.3m, £21.6m and £7.5m was allocated to the Marketing, Financial Services, Professional and Home Interest segments respectively. The Financial Services segment has been affected by weaker print and advertising trends leading to a reduced growth outlook. The goodwill relating to the Financial Services segment has therefore been reduced to its recoverable amount through recognition of an impairment loss of £7.2m. During 2015, an impairment of £11.9m was recognised against the carrying value of goodwill in the Professional segment. Impairment charges are recognised as an adjusting item in accordance with the Group's accounting policy (see note 1(b)).

For the remaining segments, Marketing, Professional and Home Interest, the value-in-use calculations exceed the carrying values in the sensitivity scenarios at 31 December 2016. However, as a result of the impairment recognised during 2015, the headroom in the Professional segment is significantly reduced once sensitivities have been applied.

Sensitivity analysis has been performed on the value-in-use calculations, holding all other variables constant, to:

(i) apply a 5% reduction to forecast adjusted EBITDA in each year of the modelled cash flows. This would result in a further impairment of £0.6m in the Financial Services segment (2015: further impairment of £1.2m in the Professional segment). No impairment would occur in any of the other segments.

(ii) apply a 0.5% increase in discount rate from 12.6% to 13.1%. This would result in a further impairment of £0.4m in the Financial Services segment (2015: increase to 13.7% would result in a further impairment of £1.0m in the Professional segment). No impairment would occur in any of the other segments.

(iii) reduce the terminal value growth rate from 2.0% to 1.75%. This would result in a further impairment of £0.1m in the Financial Services segment (2015: 0.25% reduction to 2.0% would result in a further impairment of £0.4m in the Professional segment). No impairment would occur in any of the other segments.

10 OTHER INTANGIBLE ASSETS

	Computer software £m	Brands and publishing rights* £m	Customer relationships* £m	Separately acquired websites and content* £m	Non-compete arrangements* £m	Total £m
Cost						
At 1 January 2015	9.5	5.6	11.6	4.7	0.5	31.9
Additions - separately acquired	1.7	-	-	-	-	1.7
Additions - internally generated	1.2	-	-	-	-	1.2
Disposals or expiry	(1.5)	-	-	-	-	(1.5)
At 31 December 2015	10.9	5.6	11.6	4.7	0.5	33.3
Additions - separately acquired	1.3	-	-	-	-	1.3
Additions - internally generated	1.0	-	-	-	-	1.0
Additions – business combination (note 13)	-	0.2	0.9	-	-	1.1
Disposals or expiry	-	-	-	-	(0.5)	(0.5)
At 31 December 2016	**13.2**	**5.8**	**12.5**	**4.7**	**-**	**36.2**
Accumulated amortisation						
At 1 January 2015	3.4	1.5	4.0	2.6	0.5	12.0
Amortisation charge for the year	2.1	0.2	1.2	0.8	-	4.3
Disposals or expiry	(1.3)	-	-	-	-	(1.3)
At 31 December 2015	4.2	1.7	5.2	3.4	0.5	15.0
Amortisation charge for the year	2.7	0.4	1.1	0.8	-	5.0
Disposals or expiry	-	-	-	-	(0.5)	(0.5)
At 31 December 2016	**6.9**	**2.1**	**6.3**	**4.2**	**-**	**19.5**
Net book value at 31 December 2016	**6.3**	**3.7**	**6.2**	**0.5**	**-**	**16.7**
Net book value at 31 December 2015	6.7	3.9	6.4	1.3	-	18.3
Net book value at 1 January 2015	6.1	4.1	7.6	2.1	-	19.9

* Amortisation of £2.3m (2015: £2.2m) of acquired intangible assets from business combinations is presented as an adjusting item (see note 1(b) for further information).

The Company has no intangible assets (2015: £nil). Amortisation of intangible assets is included in net operating expenses in the Statement of Comprehensive Income.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Fixtures and fittings £m	Computer equipment £m	Total £m
Cost				
At 1 January 2015	2.9	0.9	0.7	4.5
Additions	0.1	0.2	0.5	0.8
Disposals	(0.9)	(0.5)	(0.3)	(1.7)
At 31 December 2015	2.1	0.6	0.9	3.6
Additions – separately acquired	0.1	-	0.1	0.2
Additions – business combination (note 13)	-	0.1	-	0.1
At 31 December 2016	**2.2**	**0.7**	**1.0**	**3.9**
Accumulated depreciation				
At 1 January 2015	1.5	0.5	-	2.0
Depreciation charge for the year	0.3	0.2	0.4	0.9
Disposals	(0.8)	(0.5)	(0.3)	(1.6)
At 31 December 2015	1.0	0.2	0.1	1.3
Additions – business combination (note 13)	-	-	-	-
Depreciation charge for the year	0.2	0.1	0.3	0.6
At 31 December 2016	**1.2**	**0.3**	**0.4**	**1.9**
Net book value at 31 December 2016	**1.0**	**0.4**	**0.6**	**2.0**
Net book value at 31 December 2015	1.1	0.4	0.8	2.3
Net book value at 1 January 2015	1.4	0.4	0.7	2.5

The Company has no property, plant and equipment (2015: £nil).

12 INVESTMENTS

Company	Investments in subsidiary undertakings £m
Cost	
At 1 January 2015, 31 December 2015 and 31 December 2016	**146.2**
Accumulated impairment	
At 1 January 2015, 31 December 2015 and 31 December 2016	**12.2**
Net book amount	
At 1 January 2015, 31 December 2015 and 31 December 2016	**134.0**

Name	Proportion of ordinary shares and voting rights held (%)	Principal activities	Country of incorporation
Ascent Publishing Limited	100	Digital and print publishing	United Kingdom
Centaur Communications Limited [1]	100	Holding company and agency services	United Kingdom
Centaur Consumer Exhibitions Limited	100	Exhibitions	United Kingdom
Centaur Media USA Inc.[2]	100	Digital information, training and events	United States
Chiron Communications Limited	100	Digital information, training and events	United Kingdom
E-consultancy.com Limited	100	Digital information, training and events	United Kingdom
E-consultancy Asia Pacific Pty Limited [3]	100	Digital information, training and events	Singapore
E-consultancy Australia Pty Ltd [4]	100	Digital information, training and events	Australia
E-consultancy LLC [5]	100	Digital information, training and events	United States
Investment Platforms Limited	100	Research data and analysis	United Kingdom
Mayfield Publishing Ltd	100	Investment company	United Kingdom
Pro-talk Ltd	100	Digital Publishing	United Kingdom
Taxbriefs Holdings Limited	100	Holding company	United Kingdom
Taxbriefs Limited	100	Digital and print publishing	United Kingdom
The Forum for Expatriate Management Limited	100	Events and information services	United Kingdom
The Profile Group (UK) Limited	100	Digital information services	United Kingdom
Your Business Magazine Limited	100	Investment company	United Kingdom
Venture Business Research Limited	100	Research data and analysis	United Kingdom

[1] Directly owned by Centaur Media Plc
[2] Registered address is 2711 Centerville Road, Suite 400 Wilmington, DE19808, USA. Functional currency is USD.
[3] Registered address is 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712. Functional currency is USD.
[4] Registered address is Level 17, 383 Kent Street, Sydney, NSW, 2000, Australia. Functional currency is AUD.
[5] Registered address is 41 East, 11 Street, 11Fl, New York, NY 10003, USA. Functional currency is USD.

The registered address of all subsidiary companies is 79 Wells Street, London, W1T 3QN, United Kingdom, with the exception of those identified above. The functional currency of all subsidiaries is GBP except for those identified above. The consolidated financial statements incorporate the financial statements of all entities controlled by the Company at 31 December 2016.

13 BUSINESS COMBINATION

On 30 September 2016, Centaur Communications Limited, a Group company, acquired the business and assets of The Oystercatchers LLP ('*Oystercatchers*'), a specialist marketing consultancy. *Oystercatchers* will build on the Group's Econsultancy and other marketing assets to provide an international leading consultancy in the marketing sector. The results of *Oystercatchers* is included in the Marketing segment. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2016 £m
Purchase consideration:	
Cash paid	1.5
Ordinary shares issued	0.5
Deferred consideration	0.2
Working capital	0.1
Total purchase consideration	2.3

The fair value of the 1,202,266 Centaur Media Plc shares issued as part of the consideration paid for *Oystercatchers* (£0.5m) was based on the agreed issue value of 45.747p per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

	2016 Fair value £m
Intangible assets – brands	0.2
Intangibles assets – customer contracts and relationships	0.9
Total intangible assets (note 10)	1.1
Property plant and equipment	0.1
Trade receivables	0.9
Prepayments and other debtors	0.1
Cash	-
Trade payables	(0.1)
Accruals	(0.2)
Deferred Income	(0.5)
Social security and other taxes	(0.1)
Deferred tax liabilities	(0.2)
Net identifiable assets acquired	1.1
Goodwill (note 9)	1.2
Total purchase consideration	2.3

The goodwill is attributable to the workforce of the acquired business. It will not be deductible for tax purposes. Certain intangible assets have been separately identified on acquisition, including customer contracts and relationships of £0.9m and the brand of £0.2m. The fair value of the customer contracts and relationships was estimated using a discounted cash flow approach based on revenue and profit forecasts over a period of five years, and discounted using the Group's pre-tax discount rate of 12.6%.

13 BUSINESS COMBINATION (CONTINUED)

The useful economic life of the intangible assets is as follows:

- Brands - 5 years
- Customer contracts and relationships - 5 years

Contingent consideration

In the event that certain pre-determined EBITDA levels are achieved by *Oystercatchers* for the year ending 31 March 2017, additional consideration of up to £1.2m may be payable in cash (75%) and shares (25%) during Q2 2017. The contingent consideration is dependent on the continued employment of 5 key persons by *Oystercatchers* and is therefore treated as remuneration. It will be recognised in profit and loss under IAS 19 (for the cash element) and IFRS 2 (for the share-based payment element) to the extent it becomes payable. An expense of £0.6m has been recognised in the income statement in the year as an adjusting item with a provision of £0.4m and credit to equity of £0.2m, which assumes earn-out performance measures will be achieved and all employees will stay in employment. See notes 21 and 24.

The potential undiscounted amount payable under the agreement is between £nil for EBITDA below £0.7m and £1.2m for EBITDA above £0.9m. The fair value of the contingent consideration is undiscounted as the payment is due in less than one year.

Deferred consideration

£0.2m of deferred consideration is payable in cash on 1 October 2017 subject to any claims made under the purchase agreement. £0.2m has been recognised in other liabilities in respect of this deferred consideration.

Acquired receivables

The fair value of acquired trade receivables is £0.9m. The gross contractual amount for trade receivables due is £0.9m, all of which has since been collected.

Revenue and profit contribution

Oystercatchers contributed revenues of £1.2m and net profit of £0.3m to the Group for the period from 1 October to 31 December 2016. If the acquisition had occurred on 1 January 2016, *Oystercatchers* pro-forma revenue and profit for the year ended 31 December 2016 would have been £3.9m and £1.0m respectively.

There were no acquisitions during the year ended 31 December 2015.

14 INVENTORIES

	2016 Group £m	2015 Group £m
Work in progress	**2.5**	2.0

The Company had no inventory at 31 December 2016 (2015: £nil).

15 TRADE AND OTHER RECEIVABLES

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Amounts falling due within one year				
Trade receivables	**15.8**	20.8	**-**	-
Less: provision for impairment of receivables (note 27)	**(2.7)**	(0.9)	**-**	-
Trade receivables - net	**13.1**	19.9	**-**	-
Receivables from subsidiaries	**-**	-	**1.6**	0.7
Receivable from Employee Benefit Trust *	**-**	-	**0.2**	0.3
Other receivables	**0.8**	2.3	**0.3**	0.2
Prepayments	**1.2**	1.7	**-**	-
Accrued income	**0.6**	1.1	**-**	-
	15.7	25.0	**2.1**	1.2

* As restated, see note 1(a).

Receivables from subsidiaries are unsecured, have no fixed due date and bear interest at an annual rate of 2.43% (2015: 2.71%).

16 CASH AND CASH EQUIVALENTS

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Cash at bank and in hand	**3.4**	3.1	**-**	-

17 BORROWINGS

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Current liabilities				
Loan notes	-	1.1	-	-
	-	1.1	-	-
Non-current liabilities				
Finance lease payables	-	0.1	-	0.1
Arrangement fee in respect of revolving credit facility	**(0.1)**	(0.2)	**(0.1)**	(0.2)
Revolving credit facility	**17.5**	21.0	**17.5**	21.0
	17.4	20.9	**17.4**	20.9

Loan notes totalling £1.1m were issued in November 2015 to settle the deferred consideration in relation to the VB Research earn-out. Interest was payable on these loan notes at a variable rate of 1% above LIBOR. The loan notes were settled during 2016. Further details about the Group's borrowings are provided in note 27.

18 FINANCE LEASES

Lease payables are secured as the rights to the leased assets revert to the lessor in the event of default.

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Gross finance lease liabilities - minimum lease payments				
Later than 1 year and no later than 5 years	-	0.1	-	0.1
Present value of finance lease liabilities	-	0.1	-	0.1

The present value of finance lease liabilities is as follows:

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Later than 1 year and no later than 5 years	-	0.1	-	0.1
Present value of finance lease liabilities	-	0.1	-	0.1

The Group leases office equipment with a carrying amount of £0.1m (2015: £0.1m) under a finance lease expiring in one year. There were no new finance leases during 2016 or 2015.

19 TRADE AND OTHER PAYABLES

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Trade payables	**3.7**	3.0	**-**	-
Payables to subsidiaries	**-**	-	**18.9**	8.3
Social security and other taxes	**0.8**	1.1	**-**	0.1
Other payables	**1.3**	2.4	**-**	-
Accruals	**3.9**	5.9	**0.1**	0.1
	9.7	12.4	**19.0**	8.5

Payables to subsidiaries are unsecured, have no fixed date of repayment and bear interest at an annual rate of 2.43% (2015: 2.71%).

The Directors consider that the carrying amount of the trade payables approximates their fair value.

20 CURRENT INCOME TAX LIABILITIES

	2016 Group £m	2015 Group £m
Corporation tax	**0.7**	0.9

21 PROVISIONS

	Deferred consideration Group £m
At 1 January 2015	1.1
Charged to the statement of comprehensive income during the year	0.1
Utilised during the year	(1.2)
At 31 December 2015	-
Charged to the statement of comprehensive income during the year	0.4
As at 31 December 2016	**0.4**

Deferred consideration in the current year relates to the acquisition of *Oystercatchers* and is payable within 1 year (see note 13). The amount provided was dependent on continued employment of the former owners of the business and was treated as post-acquisition remuneration accruing over the period to the end of the performance period. All amounts represented the Directors' best estimate of the amount to be paid at the balance sheet date.

Deferred consideration in the prior year related to VB Research. The amount of deferred contingent consideration payable with respect to the acquisition of VB Research was dependent on the profits generated by VB Research in the period 1 July 2014 to 30 June 2015 (the performance period), subject to a maximum earn-out payment of £5.0m. The deferred consideration was settled in the prior year through the payment of £0.1m in cash and the issue of loan notes for the remaining balance (see note 17 for more details).

22 DEFERRED INCOME TAX

The movement on the deferred income tax account is shown below.

	Accelerated capital allowances £m	Other temporary differences £m	Tax losses £m	Total £m
Net asset / (liability) at 1 January 2015	0.3	(1.7)	0.5	(0.9)
Recognised in the statement of comprehensive income	0.1	1.0	(0.3)	0.8
Net asset / (liability) at 31 December 2015	0.4	(0.7)	0.2	(0.1)
Adjustments in respect of prior years	(0.2)	-	-	(0.2)
Recognised in the statement of comprehensive income	0.2	0.1	-	0.3
Arising on business combination	-	(0.2)	-	(0.2)
Net asset / (liability) at 31 December 2016	**0.4**	**(0.8)**	**0.2**	**(0.2)**

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	2016 Group £m	2015 Group £m
Deferred tax asset	**0.6**	0.6
Deferred tax liabilities	**(0.8)**	(0.7)
Total	**(0.2)**	(0.1)

At the balance sheet date, the Group has unused tax losses of £1.3m (2015: £1.4m) available for offset against future profits. A deferred tax asset of £0.2m (2015: £0.2m) has been recognised in respect of £1.0m (2015: £1.1m) of such tax losses. No deferred tax has been recognised in respect of the remaining £0.3m (2015: £0.3m) as it is not currently considered probable that there will be future sufficient taxable profits available. Unrecognised losses may be carried forward indefinitely. Deferred tax assets and liabilities are expected to be materially realised after 12 months.

23 EQUITY

Ordinary shares of 10p each	Nominal value £m	Number of shares
Authorised share capital – Group and Company		
At 1 January 2015, 31 December 2015 and 31 December 2016	**20.0**	**200,000,000**
Issued and fully paid share capital – Group and Company		
At 1 January and 31 December 2015	15.0	150,207,960
Acquisition of business	0.1	1,202,266
At 31 December 2016	**15.1**	**151,410,226**

Deferred shares reserve

The deferred shares reserve represents 800,000 (2015: 800,000) deferred shares of 10p each, which carry restricted voting rights and have no right to receive a dividend payment in respect of any financial year.

Reserves for shares to be issued

The reserve for shares to be issued is in respect of equity-settled share-based compensation plans. The changes to the reserve for shares to be issued represent the total charges for the year relating to equity-settled share-based payment transactions with employees as accounted for under IFRS 2 and prior year restatement relating to previous vests (see note 1(a)).

See note 24 for information regarding the number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised.

Own shares reserve

The own shares reserve represents the value of shares held as treasury shares and in an employee benefit trust. At 31 December 2016, 6,870,437 (2015: 6,472,990) 10p ordinary shares are held in treasury and 91,191 (2015: 473,859) 10p ordinary shares are held in the Employee Benefit Trust.

During 2016, the Company purchased 397,447 ordinary shares to be held in treasury in order to meet future obligations arising from share-based rewards to employees. The buyback programme was approved by shareholders at the Annual General Meeting held on 11 May 2016 up to a value of £1.0m. The shares were acquired at an average price of 42.75p per share, with prices ranging from 39p to 46p. The total cost of £0.2m (2015: £nil) has been recognised in other reserves in the own shares reserve in equity.

See note 1(a) for details of the prior year restatement of this reserve.

24 SHARE-BASED PAYMENTS

The Group's share-based payment expense for the year by scheme:

Equity-settled Plans	2016 £m	2015 £m
LTIP	**(0.1)**	0.6
Retention Plan	**-**	0.1
SELTIP	**-**	-
Share Incentive Plan	**-**	-
Total equity-settled incentive plans	**(0.1)**	0.7
Deferred contingent consideration (note 13)	**0.2**	-
Total share-based payment expense	**0.1**	0.7

The Group's share-based payment schemes are equity-settled. Opening reserves in equity have been restated to account for historical share plan vests. See note 1(a) for details.

Long Term Incentive Plan

The Group operates a Long Term Incentive Plan ('LTIP') for Executive Directors and selected senior management. This is an existing incentive policy and was approved by shareholders at the 2006 AGM. The share awards are valued at date of grant and the consolidated income statement is charged over the vesting period, taking into account the number of shares expected to vest. Full details of how the scheme operates are included in the Remuneration Report.

24 SHARE-BASED PAYMENTS (CONTINUED)

These awards were priced using the following models and inputs:

	LTIP 2016	LTIP 2016	LTIP 2006	LTIP 2006	LTIP 2006	LTIP 2006	LTIP 2006	LTIP 2006
Grant date	04.10.16	22.09.16	30.03.16	27.10.15	10.08.15	26.03.15	04.08.14	08.11.13
Share price at grant date (p)	44.00	41.00	49.00	78.25	80.5	69.5	56.75	54.25
Fair value (p)	18.04	16.81	20.92	47.42	48.22	42.43	48.94	47.16
Exercise date	04.10.19	22.09.19	30.03.19	28.10.18	10.08.18	23.03.18	04.08.17	15.03.17
Exercise price	£nil	£nil	£nil	£nil	£nil	£nil	£nil	£nil
Number of awards								
Balance at 1 January 2015	-	-	-	143,036	108,556	2,218,574	155,897	1,438,909
Granted during the year	573,395	366,667	3,752,937	-	-	-	-	-
Forfeited during the year	-	-	(1,238,140)	-	-	(1,103,135)	-	(436,364)
Balance at 31 December 2016	573,395	366,667	2,514,797	143,036	108,556	1,115,439	155,897	1,002,545
Exercisable at 31 December 2016	-	-	-	-	-	-	-	-
Balance at 1 January 2015	-	-	-	-	-	-	155,897	1,706,182
Granted during the year	-	-	-	143,036	108,556	2,847,749	-	-
Forfeited during the year	-	-	-	-	-	(629,175)	-	(267,273)
Balance at 31 December 2015	-	-	-	143,036	108,556	2,218,574	155,897	1,438,909
Exercisable at 31 December 2015	-	-	-	-	-	-	-	-

The shares outstanding at 31 December 2016 had a weighted average exercise price of £nil (2015: £nil) and a weighted remaining life of 2.0 years (2015: 2.0 years).

	LTIP 2016	LTIP 2016	LTIP 2006	LTIP 2006	LTIP 2006	LTIP 2006	LTIP 2006	LTIP 2006
Grant date	04.10.16	22.09.16	30.03.16	27.10.15	10.08.15	26.03.15	04.08.14	08.11.13
Expected volatility (%)	43.8	43.8	31.8	28.1	36.8	39.4	43.6	43.8
Expected dividend yield (%)	-	-	-	-	-	-	-	-
Risk free interest rate (%)	0.06	0.06	0.48	0.69	1.02	0.58	1.17	0.92
Model of valuation used	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic	Stochastic

2014 Retention Plan

The 2014 Retention Plan was introduced in June 2014 and is now closed to new participants. Awards vested over a period of two or three years, with the only condition being continued employment. Awards were granted under this scheme in 2014 for no consideration and no exercise price. The Retention Plan did not result in the issue of any new ordinary shares as this plan was not approved by Shareholders. The awards were settled from the shares held in the Employee Benefit Trust during 2016.

24 SHARE-BASED PAYMENTS (CONTINUED)

Senior Executive Long-Term Incentive Plan ('SELTIP')

The Centaur Media Plc 2010 Senior Executive Long-Term Incentive Plan (the 'SELTIP') was introduced during 2011 and was approved by shareholders at the 2010 AGM. This is not an HMRC approved scheme and vests over a 3 year period with service and performance conditions. Awards were granted under this scheme in 2011 for no consideration and no exercise price. This scheme has closed to new awards.

Awards of bonus units were made in 2013 as summarised in the following table:

Financial year	Threshold profit	PBTA achieved	Profit growth	SELTIP contribution	Total bonus pool	Bonus pool allocated*	Number of shares awarded in total**
2013	£8.0m	£8.6m	£0.6m	30%	£0.1m	£0.1m	118,851

**The Remuneration Committee did not allocate the entire bonus pool in 2013*
*** Awards were only made to participants with continuing employment*

Retention Plan and Senior Executive Long-Term Incentive Plan

These awards were priced using the following models and inputs:

	2014 Retention Plan	SELTIP 2013
Grant date	30.06.14	15.09.11
Share price at grant date	62.38	33.88
Fair value	52.64	23.76
Exercise date	31.12.16	17.09.14
Exercise price	£nil	£nil
Number of awards		
Balance at 1 January 2015	382,668	6,862
Exercised during the year	(382,668)	-
Balance at 31 December 2016	-	6,862
Exercisable at 31 December 2016	-	6,862
Average share price at date of exercise (p)	41.21	-
Balance at 1 January 2015	382,668	6,862
Balance at 31 December 2015	382,668	6,862
Exercisable at 31 December 2015	-	6,862

The shares outstanding at 31 December 2016 had a weighted average exercise price of £nil (2015: £nil) and a weighted remaining life of 5.7 years (2015: 1.0 years).

24 SHARE-BASED PAYMENTS (CONTINUED)

These awards were priced using the following models and inputs:

	2014 Retention Plan	SELTIP 2013
Grant date	**30.06.14**	**15.09.11**
Expected volatility (%)	**49.5**	**54.0**
Expected dividend yield (%)	**6.79**	**5.26**
Risk free interest rate (%)	**1.22**	**0.57**
Model of valuation used	**Black-Scholes**	**Black-Scholes**

Share Incentive Plan

The Group has a Share Incentive Plan, which is a HRMC approved Tax-Advantaged plan, which provides employees with the opportunity to purchase shares in the Company. This plan is open to all employees who have been employed by the Group for more than 12 months. Employees may invest up to £1,800 per annum (or 10% of their salary if less) in ordinary shares in the Company, which are held in trust. The shares are purchased in open market and are held in trust for each employee. The shares can be withdrawn with tax paid at any time, or tax-free after five years. The Group matches the contribution with a ratio of one share for every two purchased. Other than continuing employment, there are no other performance conditions attached to the plan.

The Executive Directors are eligible to participate in the Share Incentive Plan, as are all employees of the Group.

	2016 Group	2015 Group
Number of outstanding matching shares	**27,727**	78,602

Deferred contingent consideration

The Group may have to pay additional consideration in relation to the acquisition of *Oystercatchers* made on 30 September 2016 (grant date) which is to be partly settled by shares in the Group. The total consideration payable in shares is up to the maximum value of £0.3m and will be issued at the share price on the settlement date. The total cost is being spread over the vesting period from 1 October 2016 to 31 March 2017 and a charge of £0.2m has been recognised in the Statement of Comprehensive Income, with a credit recognised in equity during the year. The fair value of the share based payment is deemed to be the maximum value of consideration payable. See note 13.

25 DIVIDENDS

	2016 £m	2015 £m
Equity dividends		
Final dividend for 2014: 1.3p per 10p ordinary share	-	1.9
Interim dividend for 2015: 1.5p per 10p ordinary share	-	2.1
Final dividend for 2015: 1.5p per 10p ordinary share	**2.2**	-
Interim dividend for 2016: 1.5p per 10p ordinary share	**2.1**	-
	4.3	4.0

A final dividend for the year ended 31 December 2016 of £2.2m (1.5p per share) is proposed by the Directors and, subject to shareholder approval at the Annual General Meeting, will be paid on 26 May 2017.

26 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of loss for the period to net cash inflow from operating activities:

	2016 Group £m	2015 Group £m	2016 Company £m	2015 Company £m
Loss for the period	**(5.4)**	(6.9)	**(2.2)**	(2.0)
Adjustments for:				
Tax	**1.0**	1.3	**(0.5)**	-
Interest expense	**0.5**	0.9	**1.0**	0.9
Depreciation	**0.6**	0.9	**-**	-
Amortisation of intangible assets	**5.0**	4.3	**-**	-
Impairment of goodwill	**7.2**	11.9	**-**	-
Earn-out costs	**0.6**	0.1	**-**	-
Share-based payment (credit) / charge	**(0.1)**	0.7	**-**	0.7
Profit on disposal of trade and assets	**-**	(0.4)	**-**	-
Other	**(0.1)**	(0.3)	**-**	(0.2)
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries)				
Increase in inventories	**(0.5)**	(0.2)	**-**	-
Decrease / (increase) in trade and other receivables	**9.2**	(9.3)	**-**	(0.6)
(Decrease) / increase in trade and other payables	**(2.6)**	1.4	**10.2**	3.2
(Decrease) / increase in deferred income	**(0.1)**	1.7	**-**	-
Cash generated from operating activities	**15.3**	6.1	**8.5**	2.0

26 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

Analysis of changes in net debt

Group	Note	At 31 December 2015 £m	Net cash flow £m	At 31 December 2016 £m
Cash and cash equivalents	16	3.1	0.3	**3.4**
Revolving credit facility	17	(21.0)	3.5	**(17.5)**
Net debt		(17.9)	3.8	**(14.1)**

Company	Note	At 31 December 2015 £m	Net cash flow £m	At 31 December 2016 £m
Cash and cash equivalents	16	-	-	**-**
Revolving credit facility	17	(21.0)	3.5	**(17.5)**
Net debt		(21.0)	3.5	**(17.5)**

27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

The Board has overall responsibility for the determination of the Group's risk management policies. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of policies and processes put in place to manage risk. The Board sets policies that reduce risk as far as possible without unduly affecting the operating effectiveness of the Group.

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk, capital risk and currency risk. Of these, credit risk and liquidity risk are considered the most significant. This note presents information about the Group's exposure to each of the above risks.

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1(r). All financial assets and liabilities are measured at amortised cost.

	Note	2016 £m	2015 £m
Financial assets			
Cash and bank balances	16	**3.4**	3.1
Trade receivables - net	15	**13.1**	19.9
Other receivables	15	**0.8**	2.3
Total financial assets		**17.3**	25.3
Financial liabilities			
Bank borrowings	17	**17.5**	21.0
Loan notes	17	**-**	1.1
Finance lease payables	18	**-**	0.1
Trade payables	19	**3.7**	3.0
Accruals	19	**3.9**	5.9
Provisions	21	**0.4**	-
Other payables	19	**1.3**	2.4
Total financial liabilities		**26.8**	33.5

Credit risk

The Group's principal financial assets are trade and other receivables (note 15) and cash and cash equivalents. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk in relation to financial assets. Credit risk is managed on a Group basis. The Group does not consider that it is subject to any significant concentrations of credit risk.

27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables

Trade receivables consist of a large number of customers, of varying sizes and spread across diverse industries and geographies. The Group does not have significant exposure to credit risk in relation to any single counterparty or group of counterparties having similar characteristics. The Group's exposure to credit risk is influenced predominantly by the circumstances of individual customers as opposed to industry or geographic trends.

The business assesses the credit quality of customers based on their financial position, past experience and other qualitative and quantitative factors. The Group's policy requires customers to pay in accordance with agreed payment terms, which are generally 30 days from the date of invoice. Under normal trading conditions, the Group is exposed to relatively low levels of risk, and potential losses are mitigated as a result of a diversified customer base and the requirement for events and certain premium content subscription invoices to be paid in advance of service delivery.

The credit control function within the Group's finance department monitors the outstanding debts of the Group, and trade receivables balances are analysed by the age and value of outstanding balances.

Any trade receivable balance which is objectively determined to be uncollectible is written off the ledger, with a charge taken through the Statement of Comprehensive Income. The Group also records a provision for estimated impairment losses on its trade receivables balances. All balances past due are reviewed, with those greater than 90 days past due considered to carry a higher level of credit risk. Specific provision is made against customer balances with known credit issues or where debt has been referred to a collection agency. The remaining past due balances are then analysed, with balances relating to revenue recognised in advance, customers on payment plans and non-payment resulting from administrative queries considered to be of lower risk. A judgement is applied to the net balance based on historic experience on a percentage basis taking into account both the age and the reason items remain unpaid.

Impairment losses are taken through administrative expenses in the Statement of Comprehensive Income.

An additional, separately reported, charge for impairment of trade receivables of £1.8m has been made during 2016 in excess of the charge which would arise under normal trading conditions and recorded in adjusted operating profit of £0.5m (2015: £0.6m). Following the disappointing working capital performance in 2015, and notwithstanding the return to strong cash generation in 2016, there remains a legacy of old debt which arose during a period of disruption during the second half of 2015 and into the early part of 2016 arising from the implementation of a new accounting system. The gross trade receivables balance at 31 December 2016 of £15.8m remains in excess of historical levels, albeit reduced from the level at 31 December 2015 of £20.8m. Whilst the Group continues to make every effort in collecting all amounts due to it, given the age and magnitude of this outstanding debt, the Directors believe there remains significant uncertainty in being able to collect these amounts and therefore consider the value of this debt to be impaired. The underlying risk profile of the Group's debtors has not fundamentally worsened, however the ageing has made the debt balances harder to collect.

27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The ageing of trade receivables according to their original due date is detailed below:

	2016 Gross £m	2016 Provision £m	2015 Gross £m	2015 Provision £m
Not due	**6.4**	**-**	9.0	-
0-30 days past due	**3.2**	**-**	3.7	-
31-60 days past due	**1.2**	**(0.1)**	1.7	-
61-90 days past due	**0.9**	**(0.1)**	1.4	-
Over 90 days past due	**4.1**	**(2.5)**	5.0	(0.9)
	15.8	**(2.7)**	20.8	(0.9)

Trade receivables that are less than 3 months past due are generally not considered to be impaired, except where specific credit issues or delinquency in payments have been identified. At 31 December 2016, there are debtors greater than 90 days past due with a carrying value of £1.6m (2015: £4.1m) which have not been provided against. In making the assessment that these amounts are not impaired, the Directors have considered the quantum of amounts included in gross trade receivables which relate to amounts not yet included in income, including pre-event debt included in deferred income and amounts relating to VAT. The credit quality of trade receivables not yet due nor impaired has been assessed as acceptable. A sensitivity analysis has been performed based on the Group's exposure to unimpaired trade receivables at 31 December 2016. If the provision methodology was expanded to increase the age of all receivables by an additional 30 days, without receiving any further payments in relation to those receivables, the provision requirement would increase by £0.2m.

The movement in the provision for impairment of receivables is detailed below:

	2016 Group £m	2015 Group £m
Balance at start of year	**0.9**	0.5
Utilised	**(0.5)**	(0.2)
Additional provision charged to the statement of comprehensive income:		
Recorded in adjusted operating profit	**0.5**	0.6
Adjusting item in operating loss	**1.8**	-
Balance at end of year	**2.7**	0.9

The Directors consider the carrying value of trade and other receivables approximates to their fair value.

Cash and cash equivalents

Banks and financial institutions are independently rated by credit rating agencies. We choose only to deal with those with a minimum 'A' rating. We determine the credit quality for cash and cash equivalents to be strong.

27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Other receivables

Other receivables are neither past due nor impaired. These are primarily made up of sundry receivables, including employee-related debtors and receivables in respect of distribution arrangements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Throughout the year ended 31 December 2016, and for the foreseeable future, the Group was and is expected to be in a net borrowings position. The Group manages liquidity risk by maintaining adequate reserves and working capital credit facilities, and by continuously monitoring forecast and actual cash flows.

The total facility available to the Group is £25.0m and is available through to August 2019. As at 31 December 2016, the Group had cash of £3.4m (2015: £3.1m) and undrawn loan facilities to further reduce its liquidity risk of £7.5m (2015: £4.0m).

The following tables detail the financial maturity for the Group's financial liabilities:

	Book value £m	Fair value £m	Less than 1 year £m	2-5 years £m
At 31 December 2016				
Financial liabilities				
Variable interest rate instruments	**17.5**	**17.5**	**-**	**17.5**
Non-interest bearing	**9.3**	**9.3**	**9.3**	**-**
	26.8	**26.8**	**9.3**	**17.5**
At 31 December 2015				
Financial liabilities				
Variable interest rate instruments	22.1	22.1	1.1	21.0
Fixed interest rate instruments	0.1	0.1	0.1	-
Non-interest bearing	11.3	11.3	11.3	-
	33.5	33.5	12.5	21.0

The Directors consider that book value is materially equal to fair value.

The book value of primary financial instruments approximates to fair value where the instrument is on a short maturity, or there are no fixed or contractual repayment requirements within the borrowing period, or where they bear interest at rates approximate to the market

All trade and other payables are due in one year or less, or on demand.

27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group has no significant interest-bearing assets but is exposed to interest rate risk as it borrows funds at floating interest rates through its revolving credit facility. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group evaluates its risk appetite towards interest rate risks regularly, and may undertake hedging activities, including interest rate swap contracts, to manage interest rate risk in relation to its revolving credit facility if deemed necessary.

The Group did not enter into any hedging transactions during the current or prior year and, as at 31 December 2016, the only floating rate to which the Group is exposed was LIBOR. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk section of this note.

Interest rate sensitivity

The Group has exposure to interest rate risk, and sensitivity analysis has been performed based on exposure to variable interest rates at the reporting date.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit after tax would increase / decrease by £0.1m.

Capital risk

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising return to stakeholders, as well as sustaining the future development of the business.

The capital structure of the Group consists of net debt, which includes borrowings (note 17) and cash and cash equivalents (note 16), and equity attributable to the owners of the parent, comprising issued share capital (note 23), other reserves and retained earnings. The Board also considers the levels of own shares held for employee share schemes, and the ability to issue new shares for acquisitions, in managing capital risk in the business.

The Group continues to benefit from its banking facilities (as renewed during June 2015), which features both a working capital facility, to assist in managing the Group's liquidity risk, and an acquisition facility to support the Group's acquisition strategy. The facility, available until August 2019, allows for a maximum drawdown of £25m.

Interest is calculated on LIBOR plus a margin dependent on the Group's net leverage position, which is re-measured quarterly in line with covenant testing. The Group's borrowings are subject to financial covenants tested quarterly. At 31 December 2016 and throughout 2016 all of these covenants were achieved.

Currency risk

Substantially all of the Group's net assets are located in the United Kingdom. The majority of revenue and profits is generated in the United Kingdom and consequently foreign exchange risk is currently limited. The Group continues to monitor its exposure to currency risk, particularly as the business expands into overseas territories such as North America, however the results of the Group are not currently considered to be sensitive to movements in currency rates.

28 OPERATING LEASE COMMITMENTS - MINIMUM LEASE PAYMENTS

At 31 December 2016, the Group had committed to the following payments in respect of operating leases on land and buildings.

	2016 £m	2015 £m
Commitments payable under non-cancellable operating lease		
Within 1 year	**2.1**	2.1
Later than one year and less than 5 years	**4.9**	6.5
	7.0	8.6

At 31 December 2016, the Group had contracted with tenants to receive payments in respect of operating leases on land and buildings.

	2016 £m	2015 £m
Commitments receivable under non-cancellable subleases		
Within 1 year	**0.5**	0.5
Later than one year and less than 5 years	**0.8**	1.8
	1.3	2.3

29 PENSION SCHEMES

The Group contributes to individual and collective defined contribution pension schemes in respect of Directors and employees once they have completed the requisite period of service. The charge for the period in respect of these schemes is shown in note 6. Included within other payables is an amount of £0.1m (2015: £0.1m) payable in respect of the pension schemes.

30 CAPITAL COMMITMENTS

At 31 December 2016, the Group had no capital commitments (2015: £nil).

31 RELATED PARTY TRANSACTIONS

Group

Key management compensation is disclosed in note 6. There were no other material related party transactions.

Company

During the year, interest was recharged from subsidiary companies as follows:

	2016 £m	2015 £m
Interest payable	**0.4**	0.2

Borrowings of £1.5m were received (2015: £2.9m) by subsidiaries on behalf of the Company.

The balances outstanding with subsidiary companies are disclosed in notes 15 and 19.

Audit Exemption

For the year ended 31 December 2016 the Company has provided a guarantee pursuant to sections 479A-C of the Companies Act 2006 over the liabilities of the following subsidiaries and as such they are exempt from the requirements of the Act relating to the audit of individual financial statements, or preparation of individual financial statements, as appropriate, for this financial year.

Name	Company number	Outstanding liabilities £m
Centaur Communications Limited	01595235	**1.4**
Centaur Consumer Exhibitions Limited	07276298	**3.4**
Chiron Communications Limited	01081808	**13.9**
Ascent Publishing Limited	02561341	**0.9**
The Forum for Expatriate Management Limited	06776955	**0.3**
Pro-Talk Ltd	03939119	**-**
Taxbriefs Holdings Limited	03572069	**-**
Taxbriefs Limited	01247331	**0.2**
Investment Platforms Limited	06439194	**0.5**
Venture Business Research Limited	05663936	**0.1**
The Profile Group (UK) Limited	05243851	**4.0**
Econsultancy.com Limited	04047149	**3.4**
Mayfield Publishing Ltd	02034820	**-**
Your Business Magazine Limited	01707331	**-**

32 POST BALANCE SHEET EVENTS

The Board believes that the Home Interest portfolio is no longer core to Centaur's B2B focus, and that as a distinct business unit, it will accelerate its growth under more aligned ownership. Accordingly, following the year end, the Group commenced a process to sell this portfolio.

FIVE YEAR RECORD (UNAUDITED)

	2012	2013	2014	2015	2016
Revenues (£m)	69.3	74.4	72.8	70.5	**72.5**
Live events and premium content revenues as % of whole	60%	66%	68%	67%	**71%**
Operating profit / (loss) (£m)	0.9	(33.3)	3.0	(4.7)	**(3.9)**
Adjusted operating profit	10.4	10.0	10.2	10.5	**9.1**
Adjusted operating profit margin	15%	13%	14%	15%	**13%**
(Loss) / profit before tax (£m)	(0.8)	(35.7)	14.2	(5.6)	**(4.4)**
Adjusted profit before tax (£m)	9.1	8.8	9.2	9.8	**8.6**
Adjusted diluted EPS (pence)	4.4	4.7	5.0	5.3	**4.5**
Dividend per share (pence)	1.5	2.425	3.0	3.0	**3.0**
Net operating cash flow (£m)	10.4	9.9	12.3	4.7	**14.0**
Average permanent headcount (FTE)	557	598	576	564	**554**
Revenue per head (£'000)	124	124	126	125	**131**

Revenue by type

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m
Live events	22.8	28.0	28.9	27.2	**30.7**
Premium content	19.0	21.1	20.6	19.9	**20.8**
Advertising	26.3	24.6	22.4	22.5	**20.2**
Other	1.2	0.7	0.9	0.9	**0.8**
	69.3	74.4	72.8	70.5	**72.5**

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m
Goodwill and other intangible assets	160.0	122.7	109.9	96.4	**88.8**
Other assets and liabilities	(19.0)	(18.6)	(8.4)	(2.1)	**(7.6)**
Net assets before net debt	141.0	104.1	101.5	94.3	**81.2**
Net debt	(24.5)	(27.0)	(14.7)	(17.9)	**(14.1)**
Total equity	116.5	77.1	86.8	76.4	**67.1**

DIRECTORS, ADVISERS AND OTHER CORPORATE INFORMATION

Company registration number
04948078

Incorporated / domiciled in
England and Wales

Registered office
Wells Point
79 Wells Street
London
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United Kingdom

Directors
Ron Sandler (Chairman)
Andria Vidler (Chief Executive)
Swag Mukerji (Chief Financial Officer)
William Eccleshare
Robert Boyle
Rebecca Miskin

Company Secretary
Grainne Brankin

Independent Auditors
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Chartered Accountants and Statutory Auditors
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