Tarsus Group plc

Interim results to 30 June 2004

Tarsus Group plc, an international business-to-business media group with interests in exhibitions, conferences and related publishing, today announced interim figures for the six months to 30 June 2004. The figures are not representative of the anticipated full-year outcome as most of the major events organised by the Group take place in the second half of the year.

Financial Highlights

Continuing Business Performance*

- Revenues from continuing activities significantly above last year
- Major improvement in bottom-line performance
- Continuing strong operating cash flow

	Actual Exchange Rates**			**Constant Exchange Rates****		
	2004	**2003**	**%**	**2004**	**2003**	**%**
	£'m	**£'m**		**£'m**	**£'m**	
Group turnover from continuing activities	4.34	3.98	9	4.74	3.98	19
Adjusted loss before tax	(0.18)	(0.29)	(37)	(0.01)	(0.29)	(98)

*Results are adjusted to exclude goodwill amortisation and the 2003 comparative numbers have been adjusted to exclude discontinued activities including profits/losses on disposals.

**The Group operates in three currencies, Sterling, Euro and US Dollar. The average exchange rates for the periods under review were: $:£ = 1.88 in the half year to June 2004 (half year 2003: 1.57), €:£ = 1.44 in the half year to June 2004 (half year 2003 1.46).

Statutory Results

- Turnover – down 12% to £4.34 million
- Loss on ordinary activities before tax – significantly reduced by 70% to £0.74 million

Operating Highlights

United States – record February and May Off-Price exhibitions

Europe

(a) United Kingdom
– turnover significantly improved
– operating loss substantially reduced
– magazine revenues strong

(b) France
– magazines disposal boosts operating performance
– strong results from directories

Emerging markets – two successful Labelexpo launches in Russia and Mexico

Current Trading

US, Europe – UK and Emerging markets	–	Strong
Europe – France	–	Improving

In his review, Chairman, Neville Buch said: "Underlying trading is strong. Prospects for the current year to 31 December 2004 are in line with your Directors' expectations even after the weakness of the US dollar to date and the Group's heavy reliance on US dollar revenues in the second half of this year. With the Group's core businesses and new launch programme performing well, the Directors are increasingly confident of a further significant improvement in 2005."

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CHAIRMAN'S AND MANAGING DIRECTOR'S STATEMENT

INTRODUCTION

We are pleased to report interim results for the period to 30 June 2004 which show further good progress across the business. Revenues, at constant exchange rates, were significantly above last year and we delivered a major improvement in our bottom-line performance. The core exhibition business is well positioned for the important second half.

Our new exhibition launch programme continues to deliver strong growth in our core markets and further selective exhibition launches are planned. The development of our emerging markets business continues to gain momentum with particularly exciting growth coming from our Chinese events. Recent acquisitions in France have accelerated our strategic progress.

RESULTS

As in previous years, these first half results are not representative of the anticipated outcome for the full year as the Group's revenues are heavily second half weighted with most of our major events taking place in the latter part of the financial year.

Group turnover for the period under review amounted to £4.34 million (2003: £4.93 million) resulting in a loss on ordinary activities before tax and goodwill amortisation of £0.18 million (2003: £0.42 million). Loss on ordinary activities before tax was £0.74 million (2003: £2.46 million) after goodwill amortisation of £0.56 million (2003: £2.04 million).

Revenues from continuing activities improved 9% to £4.34 million, with a loss on ordinary activities before tax, excluding goodwill amortisation and discontinued activities reduced by 37% to £0.18 million. At constant exchange rates, revenues from continuing activities improved by 19% to £4.74 million and the loss on ordinary activities before tax and goodwill amortisation was reduced to breakeven.

Operating cash flow for the period under review remained positive.

As before, a dividend for the year will be recommended at the time of the preliminary results in Spring 2005.

OPERATING REVIEW

USA

Our operations in the United States made positive progress with continuing revenues up 9% to $3.32 million and operating profit also up 9% to $1.39 million driven by strong performances from the Off-Price clothing exhibitions in Las Vegas in February and May and the sister magazine "Off-Price Apparel". These shows continue to benefit from our marketing deal with eBay which has added to attendances this year. As part of our development programme we launched our first Off-Price Home Goods exhibition in May which performed satisfactorily.

In addition, we launched a new Packaging Services exhibition which is scheduled to take place in May 2005 in Chicago. Initial response to this exhibition, which caters to brand owners wishing to outsource their packaging, production and logistical needs, has been encouraging.

Europe

Turnover from United Kingdom based operations significantly improved from £0.50 million to £1.09 million with operating losses reduced by 33% to £0.47 million.

Employment Week, an annual exhibition which was moved from Autumn 2003 to Spring 2004, made a good contribution to this trading performance. Once again, Labels and Labeling magazine, which supports our core Labelexpo exhibitions, delivered an excellent result.

In France, following the disposal of the loss making publishing business in December 2003, the profit before tax was significantly increased by €0.26 million to €0.30 million on revenues (including our share of joint ventures) down by 31% to €3.29 million.

Our co-located joint venture events, SeCA (call centre) and MD Expo (direct marketing) performed well with contributions up 4%. After the period end, we acquired the 65% interest not owned by the Group in SeCA (see below). The contribution of Progiforum (accounting software) was down 14% as a result of adding a new accounting software event (Financium) in the second half of this year. The addition of a second event will increase overall revenues going forward. Our directory business once again produced excellent results with contribution up 27%.

Emerging Markets

Further progress was made in expanding our presence into emerging markets with first time contributions from Labelexpo in Russia and a Label Summit in Mexico. In the invoiced currency of US dollars, turnover from these events amounted to $0.40 million with an operating contribution of $0.21 million.

As a result of our success in Mexico, we will hold the next Latin American Label Summit in Sao Paulo in 2005. This has received strong support from our customers with bookings already at 70% of the 2004 event.

Fundraising

In July and August the Company raised £3.91 million (approximately £3.78 million net of expenses) in cash through the issue of 4,495,990 new ordinary shares at a placing price of 87p per share.

US$2.23 million of the proceeds was used to buy the 65% interest not owned by the Group in the SeCA call centre exhibition in Paris which has been managed by the Group since 2001.

A further €1.05 million of the monies raised was used to pay the initial consideration for the Solutions Linux exhibition, also in Paris. This exhibition will continue to be managed by the vendors for the next two editions in 2005 and 2006 with an earn-out payment capped at a maximum of a further €1.95 million.

The balance of the monies raised was used to provide the Group with additional working capital. Net debt as at 27 August was £9.49 million.

Full details of the fundraising were circulated to shareholders on 9 July 2004 and approved at an EGM on 2 August 2004.

CURRENT TRADING AND PROSPECTS

The Group's major Off-Price exhibition in August once again delivered record results. Confirmed sales for Labelexpo Americas, the Group's largest exhibition this year in September, are at 184,000 net square feet (2002: 176,000 net square feet).

After two difficult years, there are now signs of improvement in the Group's continuing business in France and in July we announced two acquisitions (see above) timed to take advantage of more favourable conditions, particularly in the IT sector.

Underlying trading is strong. Prospects for the current year to 31 December 2004 are in line with your Directors' expectations even after the weakness of the US dollar to date and the Group's heavy reliance on US dollar revenues in the second half of this year. With the Group's core businesses and new launch programme performing well, the Directors are increasingly confident of a further significant improvement in 2005.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Six months to 30 June 2004 £000's	Six months to 30 June 2003 £000's	Year to 31 December 2003 £000's
Turnover (including share of joint ventures)	2			
- continuing		5,299	5,011	15,463
- discontinued		-	1,067	2,253
		5,299	6,078	17,716
less: share of turnover of joint ventures – continuing		(959)	(1,031)	(1,048)
– discontinued		-	(117)	(194)
Group turnover		4,340	4,930	16,474
Operating costs including goodwill amortisation		(5,100)	(7,371)	(16,749)
Operating (loss)/profit				
Before goodwill amortisation				
- continuing		(238)	(166)	3,159
- discontinued		-	(341)	(508)
		(238)	(507)	(2,651)
Goodwill amortisation				
- continuing		(522)	(1,872)	(2,852)
- discontinued		-	(62)	(74)
		(522)	(1,934)	(2,926)
Operating (loss)/profit				
- continuing		(760)	(2,038)	307
- discontinued		-	(403)	(582)
Group operating loss		(760)	(2,441)	(275)
Share of operating profit in joint venture (after £39,000 goodwill amortisation (2003: £110,000))		269	176	19
Profit/(loss) on sale of discontinued operations		-	231	(518)
Interest receivable and similar income		2	115	150
Interest payable and similar charges		(252)	(542)	(768)
Loss on ordinary activities before taxation		(741)	(2,461)	(1,392)
Taxation credit/(charge)	7	40	175	(501)
Loss for the financial period after taxation		(701)	(2,286)	(1,893)
Dividend		-	-	(982)
Retained loss for the financial period		(701)	(2,286)	(2,875)
(Loss)/earnings per share (pence)	6			
- adjusted		(0.3)	(1.2)	4.0
- adjusted continuing activities		(0.3)	(0.3)	5.1
- basic		(1.6)	(5.9)	(4.7)
- diluted		(1.6)	(5.9)	(4.7)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Six months to 30 June 2004 £000's	Six months to 30 June 2003 £000's	Year to 31 December 2003 £000's
Loss for the financial period	(701)	(2,286)	(1,893)
Foreign exchange gains and losses offset in reserves	(248)	(8)	(185)
Total recognised losses for the period	(949)	(2,294)	(2,078)

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' DEFICIT

	Six months to 30 June 2004 £000's	Six months to 30 June 2003 £000's	Year to 31 December 2003 £000's
Loss attributable to shareholders	(701)	(2,286)	(1,893)
Nominal value of scrip dividend	13	141	141
Proceeds of ordinary shares issued for cash			
- placing and open offer	-	-	2,005
Premium on scrip dividend	237	393	373
Recognised foreign exchange gains and losses for the period	(248)	(8)	(185)
Dividend declared	-	-	(982)
Net change in shareholders' deficit	(699)	(1,760)	(541)
Opening equity shareholders' deficit	(2,626)	(2,085)	(2,085)
Closing equity shareholders' deficit	(3,325)	(3,845)	(2,626)

CONSOLIDATED BALANCE SHEET

	Notes	30 June 2004 £000's	30 June 2003 £000's	31 December 2003 £000's
FIXED ASSETS				
Intangible assets	5	13,761	16,206	15,009
Tangible assets		183	291	236
Interests in joint venture		1,992	2,008	1,804
- Share of gross assets		1,047	875	995
- Share of gross liabilities		(367)	(168)	(542)
- Goodwill arising on acquisition		1,312	1,301	1,351
		15,936	18,505	17,049
CURRENT ASSETS				
Debtors		6,218	8,653	6,505
Cash at bank		585	5,954	2,545
		6,803	14,607	9,050
CREDITORS: Amounts falling due within one year		(16,553)	(16,773)	(19,380)
NET CURRENT LIABILITIES		(9,750)	(2,166)	(10,330)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,186	16,339	6,719
CREDITORS: Amounts falling due after more than one year		(8,890)	(19,520)	(8,447)
Provisions for liabilities and charges		(621)	(664)	(898)
NET LIABILITIES		(3,325)	(3,845)	(2,626)
CAPITAL AND RESERVES				
Share capital		2,248	2,032	2,235
Share premium account		25,847	23,828	25,610
Capital redemption reserve		15	15	15
Other reserves		(443)	(443)	(443)
Profit and loss account		(30,992)	(29,277)	(30,043)
SHAREHOLDERS' DEFICIT		(3,325)	(3,845)	(2,626)

CONSOLIDATED CASH FLOW STATEMENT

	Six months to 30 June 2004 £000's	Six months to 30 June 2003 £000's	Year to 31 December 2003 £000's
Operating activities			
Net cash flow from operating activities	170	1,711	3,875
Joint venture dividend received	-	-	145
	170	1,711	4,020
Returns on investment and servicing of finance			
Interest received on cash deposit	2	93	172
Interest paid on bank overdraft	(188)	(844)	(1,120)
Net cash outflow from returns on investment and servicing of finance	(186)	(751)	(948)
Tax paid – overseas	(30)	(53)	(275)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(34)	(73)	(28)
Proceeds on disposal of tangible fixed assets	-	-	6
Net cash outflow from capital expenditure and financial investment	(34)	(73)	(22)
Acquisitions and disposals			
Purchase of subsidiary undertaking	(125)	-	(28)
Costs of disposal of subsidiary	-	(246)	(852)
Proceeds on disposal of subsidiary	-	831	831
Deferred consideration paid	(141)	(448)	(448)
Net cash (outflow)/inflow for acquisitions and disposals	(266)	137	(497)
Equity dividend paid to shareholders	(727)	(299)	(298)
Cash (outflow)/inflow before financing	(1,073)	672	1,980
Financing			
Net repayment of loan	(1,741)	(328)	(479)
Payment of loan note instalment	-	-	(5,200)
Issue of ordinary share capital	-	-	2,072
Cost of share issue	(5)	-	(87)
Net cash outflow from financing	(1,746)	(328)	(3,694)
(Decrease)/increase in cash in the period	(2,819)	344	(1,714)

RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Six months to 30 June 2004 £000's	Six months to 30 June 2003 £000's	Year to 31 December 2003 £000's
Group operating loss	(760)	(2,441)	(275)
Depreciation	72	178	178
Amortisation of goodwill	522	1,934	2,926
Loss on disposal of fixed assets	7	52	55
Decrease/(increase) in debtors	441	(681)	1,104
Increase in creditors	165	3,395	655
Decrease in provisions	(277)	(726)	(768)
Net cash inflow	170	1,711	3,875

RECONCILIATION OF NET CASH FLOWS TO MOVEMENTS IN NET DEBT

	2004 £000's
Decrease in cash in the period	(2,819)
Cash outflow from decrease in debt	1,741
Change in net debt resulting from cash flows	(1,078)
Translation differences on loans	453
Net debt at 1 January 2004	(11,729)
Net debt at 30 June 2004	(12,354)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2004 £000's	Cash flow £000's	Exchange adjustment £000's	At 30 June 2004 £000's
Cash in bank and at hand including on deposit	2,545	(1,960)	-	585
Overdraft	-	(859)	-	(859)
	2,545	(2,819)	-	(274)
Bank loans				
Debt due within one year	(6,674)	2,120	453	(4,101)
Debt due after one year	(7,600)	(379)	-	(7,979)
	(11,729)	(1,078)	453	(12,354)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim results for the six months to 30 June 2004 have been prepared in accordance with the accounting policies set out in the Company's 2003 Annual Report.

The comparative figures for the financial year ended 31 December 2003 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not include a statement under Section 237(2) or 237(3) of the Companies Act 1985.

Copies of this document have been sent to Shareholders and are available for public inspection at the Company's registered office during normal business hours.

2. SEGMENTAL ANALYSIS

Group turnover (including share of joint venture turnover) and Group operating loss is split below by geographical segment.

Geographical segmentation by destination is not materially different from turnover by origin. Turnover and profit on continuing ordinary activities are wholly derived from the ownership, organisation and management of exhibitions, conferences and related trade publications.

	Six months to 30 June 2004 Turnover £000's	**Six months to 30 June 2003 Turnover £000's**	**Year to 31 December 2003 Turnover £000's**
(i) **Geographical Segment**			
Europe (inc. joint venture)	3,290	4,067	13,444
United States of America	1,787	2,011	3,814
Emerging markets	222	-	458
Total including joint venture	5,299	6,078	17,716
Continuing	5,299	5,011	15,463
Discontinued – Europe	-	1,067	2,253
	5,299	6,078	17,716

	Six months to 30 June 2004 Group operating (loss)/profit £000's	Six months to 30 June 2003 Group operating (loss)/profit £000's	Year to 31 December 2003 Group operating (loss)/profit £000's
(ii) **Geographical Segment**			
Europe (inc. joint venture)	(774)	(2,189)	(331)
United States of America	310	387	937
Emerging markets	(27)	(14)	(127)
Total including joint venture	(491)	(1,816)	479
Group	(760)	(2,038)	307
Share of joint venture	269	222	172
	(491)	(1,816)	479
Operating loss on discontinued items	-	(403)	(582)
Operating profit on joint venture	(269)	(222)	(172)
Group operating loss	(760)	(2,441)	(275)

	Six months to 30 June 2004 Adjusted operating (loss)/profit* £000's	Six months to 30 June 2003 Adjusted operating (loss)/profit* £000's	Year to 31 December 2003 Adjusted operating profit/(loss)* £000's
(iii) **Geographical Segment**			
Europe (inc. joint venture) – continuing	(595)	(783)	1,649
Europe (inc. joint venture) – discontinued	-	(361)	(649)
United States of America	434	496	1,234
Emerging markets	(19)	-	(122)
Total including joint venture	(180)	(648)	2,112

*Adjusted operating profit/(loss) is Group operating profit/(loss) after joint ventures and interest, excluding goodwill amortisation.

3. FOREIGN EXCHANGE

The Group operates in three currencies, Sterling, Euro and US dollar. In comparison to the half year to June 2003 the Euro has been stable at an average exchange rate of €:£ 1.44 in the half year to June 2004 (half year 2003 1.46). The US dollar has weakened significantly at an average exchange rate of $:£ 1.88 in the half year to June 2004 (half year 2003: 1.57) resulting in a significant reduction in reported turnover and profits.

At constant exchange rates, turnover for the period would have been £4.74 million and the adjusted operating loss would have been reduced to breakeven.

4. PROFIT RECOGNITION

Profits on events are recognised when an event is completed. Most of the Group's major 2004 exhibitions take place in the second half of the year. Income for all future events of £6,991,000 is included in creditors, £6,080,000 of which relates to events to occur in 2004 and the balance to events in 2005.

5. INTANGIBLE FIXED ASSETS

	2004 **£000's**
Cost:	
At 1 January 2004	51,045
Additions	125
Foreign exchange adjustments	(770)
Adjustments for deferred consideration	(81)
At 30 June 2004	50,319
Amortisation:	
At 1 January 2004	36,036
Amortisation charge	522
At 30 June 2004	36,558
Net book value at 30 June 2004	13,761
Net book value at 31 December 2003	15,009

6. LOSS PER SHARE

The adjusted loss per share is based on losses after tax from all operations, including joint ventures, excluding amortisation of goodwill and profit/(loss) on the sale of discontinued activities, of £139,658 (June 2003: £473,071, December 2003: £1,611,253 profit) and 44,787,536 (June 2003: 38,800,235, December 2003: 40,357,925) ordinary shares being the weighted average number of shares in issue during the period.

The adjusted continuing loss per share is based on the adjusted loss, calculated as described above, but excluding all results attributable to discontinued activities, of £139,658 (June 2003: £112,071, December 2003: £2,042,711 profit) and 44,787,536 (June 2003: 38,800,235, December 2003: 40,357,925) ordinary shares being the weighted average number of shares in issue during the period.

The basic loss per share has been calculated on losses after tax attributable to ordinary shareholders for the six months of £700,998 (June 2003: £2,286,598, December 2003: £1,892,747) and 44,787,536 (June 2003: 38,800,235, December 2003: 40,357,925) ordinary shares being the weighted average number of shares in issue during the period.

7. TAX ON LOSS ON ORDINARY ACTIVITIES

The taxation credit for the six months ended 30 June 2004 is based on the estimated effective tax rate of 23%, after adjusting for goodwill amortisation and exceptional items for the year ending 31 December 2004.

8. INTERIM FINANCIAL STATEMENTS

The interim financial statements are unaudited but have been reviewed by the auditors.

INDEPENDENT REVIEW REPORT BY KPMG AUDIT PLC TO TARSUS GROUP PLC

INTRODUCTION

We have been engaged by the company to review the financial information set out above and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2004.

KPMG Audit Plc
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1 September 2004