

28 February 2005

## Tarsus Group plc

### Preliminary results for the year ended 31 December 2004

Tarsus Group plc (“Tarsus”), the international business-to-business media group with interests in exhibitions, conferences and related publishing is pleased to announce record results for 2004.

#### Financial Highlights

- Adjusted profit before tax\* increased by 43% to £3.0 million (2003: £2.1 million)
- Statutory profit before tax improved to £1.8 million (2003: loss of £1.4 million)
- Adjusted EPS\* increased by 25% to 5.0p (2003: 4.0p)
- Basic earnings per share improved to 2.5p (2003: loss per share 4.7p)
- Strong cash flow reduced year-end debt by 33% to £7.9 million (2003: £11.7 million)
- Dividend raised by 13.6% to 2.5p (2003: 2.2p)

\*prior to amortisation of goodwill and for 2003 loss on disposal of discontinued activities.

#### Operational Highlights

- Healthy organic growth from both existing products and new launches.
- Major US shows performed well with strong repeat bookings.
- European performance transformed by good French results.
- 12 new products were launched into new geographic markets (China, Russia, Mexico, Brazil, Thailand, Japan) and related sectors (smart labelling, packaging).

#### Financial Results

	Actual exchange rates			Constant exchange rates***		
	2004	2003	2003	2004	2003	2003
	£ m	£ m	Continuing £ m	£ m	Total £ m	Continuing £ m
Turnover*	15.5	17.7	15.5	16.5	17.7	15.5
Adjusted profit before tax**	3.0	2.1	2.8	3.6	2.1	2.8
Statutory profit/(loss) before tax	1.8	(1.4)				
Adjusted earnings per share**	5.0p	4.0p	5.1p	6.0p	4.0p	5.1p
Basic earnings/(loss) per share	2.5p	(4.7)p				

\* Including share of joint ventures.

\*\* Results are adjusted to exclude goodwill amortisation and the 2003 comparative numbers exclude loss on sale of discontinued activities. The continuing column has additionally been adjusted to exclude discontinued activities.

\*\*\* The Group operates in three currencies - sterling, euro and US dollars. The weighted average exchange rates for the years under review were: £: \$1.80 (2003: \$1.57); £: €1.45 (2003: €1.46). All numbers in the constant exchange rate table are calculated using the 2003 weighted average exchange rates.

Neville Buch, Executive Chairman of Tarsus commented:

“We are pleased to be reporting record results for 2004 – a year in which Tarsus has made considerable progress both operationally and strategically. These results reflect our ability to satisfy our customers’ needs for increased sales, marketing and profile in their industries. They were achieved despite an unhelpfully weak dollar, which accounted for approximately 53% of our revenues, and the cycling of biennial events.

We anticipate that our revenues for 2005 will be more evenly split between US dollars, euros and sterling. We are investing our cash flow into improving and broadening the opportunities for our customers. The strength of repeat bookings for 2005 and 2006 gives us great confidence for the future.

We are now entering an exciting growth phase for Tarsus. While the medium-term prospects for our emerging markets business particularly excite us, more generally the combination of our core shows (including our largest biennial exhibition - Labelexpo Europe), new product launches and recent acquisitions mean that we expect 2005 to show substantial growth over 2004.”

**For further information please contact:**

Tarsus Group plc:

Douglas Emslie

Group Managing Director :

Tel. 020 8846 2700

Media:

Sarah Landgrebe/Zoe Sanders

Bell Pottinger Corporate & Financial :

Tel. 020 7861 3232

Investors:

Neville Harris

IR*focus* :

Tel. 020 7378 7033

## **CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT**

We are pleased to be reporting record results for 2004 – a year in which Tarsus has made considerable progress both operationally and strategically. These results reflect our ability to satisfy our customers' needs for increased sales, marketing and profile in their industries. They were achieved despite an unhelpfully weak dollar, which accounted for approximately 53% of our revenues, and the cycling of biennial events.

Turnover, including our share of joint ventures, was £15.5 million (2003: £17.7 million) but if the operations discontinued in 2003 are excluded, the underlying turnover was unchanged. At constant exchange rates underlying turnover increased 6.5% to £16.5 million (2003: £15.5 million).

Adjusted profits before tax (excluding goodwill amortisation and, for 2003, excluding loss on sale of discontinued activities) rose by 43% to £3.0 million (2003: £2.1 million). At constant exchange rates and excluding discontinued operations, adjusted profits before tax would have risen by 29% to £3.6 million (2003: £2.8 million).

After goodwill amortisation of £1.1 million (2003: £3.0 million) profits before tax were £1.8 million (2003: loss of £1.4 million including £0.5 million loss on disposal of discontinued activities).

Adjusted earnings per share (excluding goodwill amortisation and, for 2003, loss on disposal of discontinued activities) rose by 25% from 4.0p to 5.0p. Basic earnings per share improved to 2.5p from a loss of 4.7p per share in 2003.

As a result of good operating cash flows, net debt was reduced to £7.9 million at the year end compared with £11.7 million at the end of 2003.

Your directors propose to pay a final dividend of 2.5p per share – an increase of 13.6%. In future years we expect to pay both an interim and final dividend with an approximate split of one third and two thirds respectively reflecting our confident view of the Group's prospects going forward. We will be continuing to offer a scrip alternative for the current year. Your directors intend, based on the current share price, to take scrip in respect of 11,941,744 of their ordinary shares, in aggregate, representing approximately 93.2% of their total shareholdings and 24.1% of the issued share capital of the Company.

## **OPERATING REVIEW**

### **USA**

During the year we ran five successful Off-Price events and our biennial Labelexpo Americas exhibition. The Off-Price division grew its like-for-like US dollar revenues by 10% whilst Labelexpo Americas' revenues were up 13% on the last edition in 2002.

The strength of these brands and their importance to our visitors' and exhibitors' businesses, is reflected in the high level of rebookings for their next editions.

The performance of these shows, combined with our deep knowledge of these niche sectors, has persuaded us to extend our offerings into related areas in 2005. A new Packaging Services exhibition in Chicago is planned for May and a new Smart Label event, covering Radio Frequency Identification, is planned for June. The initial response to both events is encouraging.

## **Europe**

Our European operations made significant progress during 2004. Overall, continuing revenues for our French business were up 12% to €8.04 million (2003: €7.19 million), benefiting from a successful launch programme as well as a gradual improvement in the economic climate which has extended into 2005.

In August, the Group bought the outstanding 65% interest in the SeCA call centre exhibition in Paris which we have managed since 2001. In addition, we acquired the Solutions Linux exhibition. Both purchases were funded through the issue of 4,495,990 new ordinary shares, placed at 87p. The impact of these acquisitions will accrue for the first time in 2005.

In the United Kingdom, Labels and Labeling magazine built on its world leading position with year-on-year revenues up 23%.

## **Emerging Markets**

These markets represent the most exciting opportunities for the Group in the medium-term, with China in particular offering significant scope. As their economies grow, there is a concomitant increase in demand for labelling equipment currently supplied largely by Western manufacturers. The Group's exhibitions are enabling our client base to penetrate these new and important markets.

The Group ran four new labelling events during 2004 in Russia, Mexico, Eastern Europe and India. Our launch programme continued during the year with new labelling events planned in 2005/2006 for Thailand, Brazil and Japan.

There will be two events in China in 2005, Labelexpo Asia in December, which is already significantly larger than the first edition in 2003 and BITTM, the first exclusively outbound travel show in China in April.

## **OUTLOOK**

The global labels industry is worth some \$50 billion annually and is growing in excess of 8% per annum. Our leading Labelexpo brand – now 25 years old – is enabling us to grow organically and penetrate new and rapidly growing markets. Space revenues from our largest event Labelexpo Europe, which takes place in September, are already 13% ahead of the 2003 edition.

Our Off-Price shows in the USA are unrivalled and continue to benefit from the growing percentage of retail spend directed towards discount merchandise. Our

February 2005 Off-Price clothing show in Las Vegas was another record event with revenues up 10% on the 2004 edition.

Our French business with its diversified exhibition and directory portfolio is now fully participating in the Group's overall growth prospects. The impact of the SeCA and Linux transactions will accrue for the first time in 2005 and the Group will continue to seek infill acquisitions to help it achieve its target of doubling the 2005 contribution from the French business in the next two to three years.

Major Events	Date of next event	2004 m <sup>2</sup> sold	Prior event m <sup>2</sup> sold	Growth %	Rebookings to date m <sup>2</sup> sold
Labelexpo Europe	Sept 05	N/A	23,664	N/A	24,896
Labelexpo Americas	Sept 06	17,293	16,410	5	16,046
Labelexpo Asia (China)	Dec 05	N/A	2,892	N/A	4,215
Off-Price Clothing	Feb 05	9,365	8,861	6	9,591
Off-Price Clothing	Aug 05	9,734	9,304	5	N/A
Educattec	Nov 05	4,206	4,552	(8)	2,581

We anticipate that our revenues for 2005 will be more evenly split between US dollars, euros and sterling. We are investing our cash flow into improving and broadening the opportunities for our customers. The strength of repeat bookings for 2005 and 2006 gives us great confidence for the future.

We are now entering an exciting growth phase for Tarsus. While the medium-term prospects for our emerging markets business particularly excite us, more generally the combination of our core shows (including our largest biennial exhibition - Labelexpo Europe), new product launches and recent acquisitions mean that we expect 2005 to show substantial growth over 2004.

Neville Buch  
Executive Chairman

Douglas Emslie  
Group Managing Director

## **GROUP FINANCIAL REVIEW**

### **Earnings per share**

Basic and diluted earnings per share improved to 2.5p from a loss per share of 4.7p in 2003. The Group achieved adjusted earnings per share of 5.0p compared with 4.0p in 2003. Adjusted earnings per share is based on profits after tax before amortisation of goodwill and, for 2003, loss on the disposal of discontinued activities.

### **Acquisitions and fundraising**

In August, the Group made two acquisitions for its French operations. For a consideration of US\$2.23 million, it purchased the 65% outstanding interest in the

SeCA call centre exhibition which has been managed by the Group since 2001. It also paid an initial consideration of €1.05 million for the Solutions Linux exhibition. Total consideration is capped at €3.0 million with deferred consideration of up to €1.95 million payable if profit targets are achieved for the two editions of the Linux exhibition in 2005 and 2006.

Both acquisitions were funded by the placing of 4,495,990 new ordinary shares at 87p. Total funds raised were £3.78 million (net of expenses) and the balance of the monies after acquisition expenditure provided the Group with additional working capital.

### **Tax charge**

The tax charge of £0.66 million represents 22% of profit before tax and goodwill amortisation. The Group anticipates that in the medium term the tax charge will remain at this level as it continues to take advantage of existing tax assets aided by the restructuring of its US holdings.

### **Cash flow**

Net debt at 31 December 2004 was £7.9 million (2003: £11.7 million). Net cash inflow from operating activities was £2.9 million (2003: £3.9 million). During the year the Group repaid bank borrowings of £4.6 million (2003: £0.5 million) and made further payments of net interest of £0.4 million (2003: £0.9 million) and dividends of £0.7 million (2003: £0.3 million).

The outflow on acquisitions was for the purchase of the SeCA and Solutions Linux exhibitions in France.

At 31 December 2004, the Group's net debt was denominated in US dollars (2003: US\$8.0 million and €13.9 million).

### **Foreign currency risk**

The Group is exposed to movements in foreign exchange rates against sterling for trading transactions, the translation of net assets and the profit and loss accounts of overseas operations. The principal exposure is to the US dollar and euro exchange rates which form the basis of pricing for customers. Owing to the biennial nature of the Group's largest shows, even years have greater US dollar revenues (approximately 53% of total revenue and in the odd years the ratio for US dollar revenues falls to approximately 27% of total revenue). The euro revenues in even years are approximately 38% of total revenue and in the odd years 42% of total revenue. The weighted average exchange rate for the US dollar in 2004 was £: \$1.80 (2003: \$1.57) and the weighted average exchange rate for the euro was £: €1.45 (2003: €1.46).

### **Liquidity risk**

The Group policy is to ensure continuity of funding for operational needs through cash deposits and debt facilities as appropriate. The key requirement for the business is to maintain flexibility to allow it to take advantage of opportunities that could arise

over the short term. The needs of the business are determined on a rolling cash flow forecast basis, covering weekly, monthly and twelve monthly requirements.

### **International Financial Reporting Standards**

Under European Union legislation, all listed companies will be required to report under International Financial Reporting Standards (IFRS) for accounting periods commencing on or after 1 January 2005. The first Annual Report and Accounts for Tarsus prepared under IFRS will be for the year ending 31 December 2005. Interim results for the period ending 30 June 2005 will also be prepared on an IFRS basis and include comparative figures for the six months ended 30 June 2004 and the year ended 31 December 2004. Preparations for IFRS have progressed significantly during 2004 and project work is well on track to ensure that appropriate deadlines are met.

The restatement of the opening balance sheet will be completed in early 2005. While the exact financial impact of the changes in Group accounting policies as a result of IFRS is still being assessed and has not yet been finalised, the following key areas of difference have been identified:

- a) accounting for options and other share-based payments. This will require a charge against profit;
- b) the treatment of goodwill. Existing goodwill, and goodwill on future acquisitions, will no longer be amortised. Amortisation will continue to be charged on other intangibles, more of which are expected to be identified in future business acquisitions. In addition, future annual impairment reviews of goodwill could result in periodic charges against profit; and
- c) accounting for subsidiary undertakings, joint ventures and investments. The accounting treatment of acquisitions in 2004 may differ under IFRS with potential for investments and certain contracts which do not currently give rise to an equity interest to be reclassified as either joint ventures or subsidiaries.

As the impact of IFRS is finalised, other issues may arise.

The Group's auditors have been kept informed of, and consulted on, the development of the IFRS project and the preparation of the new Group accounting policies.

Douglas Emslie  
Group Managing Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31 DECEMBER 2004**

	Notes	2004 Total £000's	2003 Continuing operations £000's	2003 Discontinued operations £000's	2003 Total £000's
Turnover (including share of joint ventures)	2	15,491	15,463	2,253	17,716
Less: share of turnover of joint ventures		(1,007)	(1,048)	(194)	(1,242)
<b>Turnover (excluding joint ventures)</b>		<b>14,484</b>	<b>14,415</b>	<b>2,059</b>	<b>16,474</b>
Operating costs excluding intangible amortisation		(11,322)	(11,256)	(2,567)	(13,823)
Intangible amortisation – continuing business		(1,140)	(2,852)	-	(2,852)
Intangible amortisation – discontinued business		-	-	(74)	(74)
Total operating costs		(12,462)	(14,108)	(2,641)	(16,749)
<b>Operating profit/(loss)</b>		<b>2,022</b>	<b>307</b>	<b>(582)</b>	<b>(275)</b>
Share of operating profit/(loss) in joint ventures <sup>1</sup>		247	172	(153)	19
Loss on sale of discontinued activities		-	-	(518)	(518)
Profit/(loss) on ordinary activities before interest and taxation		2,269	479	(1,253)	(774)
Interest receivable		5	150	-	150
Interest payable		(439)	(768)	-	(768)
Profit/(loss) on ordinary activities before taxation		1,835	(139)	(1,253)	(1,392)
Taxation	5	(657)	(718)	217	(501)
Profit/(loss) for the financial year		1,178	(857)	(1,036)	(1,893)
Dividend	6	(1,236)	(982)	-	(982)
<b>Retained loss for the financial year</b>		<b>(58)</b>	<b>(1,839)</b>	<b>(1,036)</b>	<b>(2,875)</b>
<b>Earnings/(loss) per share (pence)</b>	7				
Basic and diluted		2.5			(4.7)
Adjusted		5.0			4.0

There is no difference between the profit reported above and the historical cost profit.

<sup>1</sup> After charging £9,000 goodwill amortisation (2003: £60,000)

## STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES

	2004 £000's	2003 £000's
Profit/(loss) for the financial year	1,178	(1,893)
Foreign exchange gains/(losses) offset in reserves	176	(185)
Total recognised gains/(losses) for the year	1,354	(2,078)

## RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' (DEFICIT)/FUNDS

	2004 £000's	2003 £000's
Profit/(loss) attributable to shareholders	1,178	(1,893)
Nominal value of scrip dividend	13	141
Proceeds of ordinary shares issued for cash – Placing	3,782	2,005
Premium on scrip dividend	237	373
Recognised foreign exchange gains/(losses) for the year	176	(185)
Dividend declared	(1,236)	(982)
Net change in shareholders' funds/(deficit)	4,150	(541)
Opening equity shareholders' deficit	(2,626)	(2,085)
Closing equity shareholders' funds/(deficit)	1,524	(2,626)

Included in recognised foreign exchange gains and losses are foreign exchange gains of £740,000 (2003: loss £343,000) arising on borrowings denominated in foreign currencies designated as hedges of net investments overseas.

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

	GROUP		COMPANY	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's
<b>FIXED ASSETS</b>				
Intangible assets	17,516	15,009	-	-
Tangible assets	147	236	6	6
Investments	491	-	49,962	8,611
Interests in joint ventures	205	1,804	-	-
– Share of gross assets	366	995	-	-
– Share of gross liabilities	(318)	(542)	-	-
– Goodwill arising on acquisition	157	1,351	-	-

	18,359	17,049	49,968	8,617
<b>CURRENT ASSETS</b>				
Debtors	5,878	6,505	519	29,778
Cash at bank and in hand	909	2,545	119	977
	6,787	9,050	638	30,755
<b>CREDITORS: Amounts falling due within one year</b>	(15,286)	(19,380)	(10,496)	(8,256)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(8,499)	(10,330)	(9,858)	22,499
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	9,860	6,719	40,110	31,116
<b>CREDITORS: Amounts falling due after more than one year</b>	(7,831)	(8,447)	(5,640)	(100)
<b>PROVISIONS for liabilities and charges</b>	(505)	(898)	-	(184)
	1,524	(2,626)	34,470	30,832
<b>CAPITAL &amp; RESERVES</b>				
Called up share capital	2,473	2,235	2,473	2,235
Share premium account	29,404	25,610	29,404	25,610
Capital redemption reserve	15	15	15	15
Other reserves	(443)	(443)	(443)	(443)
Profit and loss account	(29,925)	(30,043)	3,021	3,415
<b>Equity shareholders' funds/(deficit)</b>	1,524	(2,626)	34,470	30,832

### **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004		2003	
	£000's	£000's	£000's	£000's
<b>Operating activities</b>				
Net cash inflow from operating activities		2,924		3,875
<b>Dividend from joint ventures</b>		-		145
<b>Returns on investment and servicing of finance</b>				
Interest received on cash deposit	5		172	
Interest paid on bank overdraft	(408)		(1,120)	
Net cash outflow from returns on investment and servicing of finance		(403)		(948)
<b>Tax paid – overseas</b>		(126)		(275)

<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(64)	(28)
Purchase of intangible assets	(806)	(28)
Purchase of investment	(491)	-
Proceeds on disposal of tangible fixed asset	-	6
Net cash outflow from capital expenditure	(1,361)	(50)
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings	(1,768)	-
Proceeds on disposal of subsidiary	-	831
Costs of disposal of subsidiary	-	(852)
Deferred consideration paid for prior year acquisitions	(192)	(448)
Cash acquired with subsidiary	834	-
Net cash outflow for acquisitions and disposals	(1,126)	(469)
<b>Equity dividends paid</b>	(727)	(298)
<b>Cash (outflow)/inflow before financing</b>	(819)	1,980
<b>Financing</b>		
Issue of ordinary share capital	3,912	2,072
Cost of share issue	(135)	(87)
Repayment of loan	(4,594)	(479)
Repayment of loan note	-	(5,200)
<b>Net cash outflow from financing</b>	(817)	(3,694)
<b>Decrease in cash in the period</b>	(1,636)	(1,714)

## **RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2004</b>	<b>2003</b>
	<b>£000's</b>	<b>£000's</b>
Group operating profit/(loss)	2,022	(275)
Depreciation	150	178
Amortisation of goodwill	1,140	2,926
Loss on disposal of fixed assets	-	55
Decrease in debtors	819	1,104
Decrease in creditors < 1year	(67)	(92)
(Decrease)/increase in creditors > 1year	(747)	747
Decrease in provisions	(393)	(768)
Net cash inflow	2,924	3,875

## ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2004 £000's	Cash flow £000's	Exchange Movement £000's	At 31 December 2004 £000's
Cash at bank and in hand including on deposit	2,545	(1,636)	-	909
Subtotal	2,545	(1,636)	-	909
Debt due within one year	(6,674)	4,150	910	(1,614)
Debt due after one year	(7,600)	444	-	(7,156)
Net debt	(11,729)	2,958	910	(7,861)

## RECONCILIATION OF NET CASH FLOWS TO MOVEMENTS IN NET DEBT

	2004 £000's	2003 £000's
Decrease in cash in the period	(1,636)	(1,714)
Repayment of loan	4,594	479
Repayment of loan note	-	5,200
Change in net debt resulting from cash flows	2,958	3,965
Net debt at 1 January	(11,729)	(15,351)
Translation differences on loans	910	(343)
Net debt at 31 December	(7,861)	(11,729)

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The preliminary results for the year ended 31 December 2004 have been prepared in accordance with the accounting policies set out in the financial statements for the year ended December 2003.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2004 or 2003 but is derived from those accounts. Statutory accounts for 2003 have been delivered to the Registrar of companies, and those for 2004 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

## 2. SEGMENTAL ANALYSIS

Group turnover, including share of joint ventures turnover; continuing operating profit including joint ventures; and adjusted profit/(loss)<sup>2</sup> by origin is set out below.

	<b>2004</b>	<b>2003</b>
	<b>Turnover</b>	<b>Turnover</b>
	<b>£000's</b>	<b>£000's</b>
<b>Geographical Segment</b>		
Europe (inc. joint ventures)	7,778	13,444
United States of America	6,960	3,814
Emerging markets	753	458
Total including joint ventures	15,491	17,716
Continuing	15,491	15,463
Discontinued – Europe	-	2,253
Total including joint ventures	15,491	17,716
Group	14,484	16,474
Share of joint ventures	1,007	1,242
Total including joint ventures	15,491	17,716

<sup>2</sup>Profit/(loss) before tax and amortisation, excluding loss on disposal of discontinued activities, including share of joint venture operating profit.

	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>Continuing</b>	<b>Continuing</b>	<b>Adjusted</b>	<b>Adjusted</b>
	<b>operating</b>	<b>operating</b>	<b>profit/(loss)</b>	<b>profit/(loss)</b>
	<b>profit/(loss)</b>	<b>profit/(loss)</b>		
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Geographical Segment</b>				
Europe (inc. joint ventures)	(1,092)	(331)	(566)	1,649
United States of America	3,451	937	3,638	1,234
Emerging markets	(90)	(127)	(88)	(122)
Europe discontinued	-	-	-	(649)
Total including joint ventures	2,269	479	2,984	2,112
Group	2,022	307		
Share of joint ventures	247	172		
Total including joint ventures	2,269	479		
Operating loss on discontinued activities	-	(582)		
Share of joint ventures	(247)	(172)		
Group operating profit/(loss)	2,022	(275)		

Inter-segmental turnover and profit is not material. 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.

Operating loss on discontinued activities and share of joint ventures originate in Europe.

Group net (liabilities)/assets by origin were as follows:

	<b>2004</b>	<b>2003</b>
	<b>Net</b>	<b>Net</b>
	<b>(liabilities)/</b>	<b>(liabilities)/</b>
	<b>assets</b>	<b>assets</b>
	<b>£000's</b>	<b>£000's</b>
<b>Geographical Segment</b>		
Europe	(8,673)	(13,314)
United States of America	9,762	10,224
Emerging markets	435	464
	1,524	(2,626)

### 3. PROFIT AND LOSS ANALYSIS

The following analysis illustrates the performance of the Group's continuing and discontinued activities and reconciles the Group's adjusted profits (before exceptional items, amortisation and loss on discontinued activities) to statutory profit/(loss).

	2004 Total £000's	2003 Continuing operations £000's	2003 Discontinued operations £000's	2003 Total £000's
Revenue	14,484	14,415	2,059	16,474
Cost of sales	(5,990)	(5,804)	(1,654)	(7,458)
Gross profit	8,494	8,611	405	9,016
Overheads	(5,332)	(5,452)	(913)	(6,365)
Operating profit/(loss) before joint ventures and amortisation	3,162	3,159	(508)	2,651
Joint ventures	256	220	(141)	79
Net interest	(434)	(618)	-	(618)
<b>Profit/(loss) before tax and amortisation</b>	<b>2,984</b>	<b>2,761</b>	<b>(649)</b>	<b>2,112</b>
Joint venture amortisation	(9)	(48)	(12)	(60)
Intangible amortisation	(1,140)	(2,852)	(74)	(2,926)
	1,835	(139)	(735)	(874)
Loss on sale of discontinued activities	-	-	(518)	(518)
<b>Profit/(loss) before tax</b>	<b>1,835</b>	<b>(139)</b>	<b>(1,253)</b>	<b>(1,392)</b>
Taxation	(657)	(718)	217	(501)
Profit/(loss) for the period	1,178	(857)	(1,036)	(1,893)
Dividend	(1,236)	(982)	-	(982)
<b>Retained loss for the year</b>	<b>(58)</b>	<b>(1,839)</b>	<b>(1,036)</b>	<b>(2,875)</b>

#### 4. ACQUISITIONS

On 5 August 2004 the Group acquired all of the ordinary shares of SECA SA and, as a result, the remaining 65% shareholding in MM Star SA. The resulting goodwill was capitalised and will be written off over 20 years.

	<b>Book value and fair value £000's</b>
<b>Fixed assets</b>	
Tangible	1
<b>Current assets</b>	
Debtors	191
Cash	834
<b>Total assets</b>	<b>1,026</b>
<b>Liabilities</b>	
Creditors	370
<b>Total liabilities</b>	<b>370</b>
<b>Net assets</b>	<b>656</b>
<b>Goodwill</b>	<b>1,112</b>
<b>Purchase consideration and costs of acquisition (cash)</b>	<b>1,768</b>

The acquired undertaking made a profit of £543,000 from the beginning of its financial year to the date of acquisition. In its previous financial year the loss was £274,000.

Goodwill of £1,185,000 relating to the Group's 35% shareholding in MM Star SA was transferred from "Interest in joint venture" to goodwill on 5 August 2004.

On 5 August 2004 the Group acquired all the rights and assets of the Solutions Linux exhibition, an initial consideration of €1.05 million was paid. Total consideration is capped at €3.0 million with deferred consideration of up to €1.95 million payable if profit targets are achieved for the two editions of the exhibition in 2005 and 2006. Goodwill of £1,360,000 and trademarks of £214,000 were capitalised and will be written off over 20 years.

## 5. TAXATION

	2004 £000's	2003 £000's
<b>Current tax</b>		
UK tax on profits for the period	395	-
Overseas tax on profits for the period	222	199
Overseas tax on joint ventures	-	156
Adjustments of UK corporation tax in respect of previous periods	(183)	146
Provision	32	-
Current tax charge for the period	466	501
<b>Deferred tax</b>		
Movement in the period	34	-
Adjustments in respect of previous periods	157	-
Total deferred tax	191	-
Tax charge for the year	657	501

The current tax charge for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £000's	2003 £000's
Profit/(loss) before taxation per consolidated accounts	1,835	(1,392)
Tax at the standard rate of corporation tax in UK of 30%	550	(418)
<b>Effects of:</b>		
Expenses not deductible	223	510
Income not chargeable to tax	(58)	-
Marginal tax on overseas profits	47	35
Capital allowances for period in excess of depreciation	(27)	30
Utilisation of losses/unutilised losses in the year	(87)	198
Adjustment to tax charge in respect of previous periods	(182)	146
<b>Current tax charge for the period</b>	<b>466</b>	<b>501</b>

	2004 £000's	2003 £000's
<b>Deferred tax asset</b>		
Balance as at 1 January	622	622
Credit to the profit and loss account	(191)	-
Balance as at 31 December	431	622
Comprising:		
Accelerated capital allowances	103	68
Tax losses	398	554
Other timing differences	(70)	-

The Group has an unrecognised deferred tax asset of £1,543,000 (2003: £1,827,000). This relates to accelerated capital allowances of £208,000 (2003: £206,000), trade losses of £605,000 (2003: £891,000) and non-trade losses of £730,000 (2003: £730,000). The deferred tax asset recognised is based on forecasts that indicate suitable taxable profits will arise.

## 6. DIVIDENDS

	<b>2004</b>	<b>2003</b>
	<b>£000's</b>	<b>£000's</b>
Equity – Ordinary		
Final proposed: 2.5p/2.2p per share	1,236	982
	1,236	982

The directors announced the proposed final dividend for 2004, of 2.5p per share, on 28 February 2005. Subject to approval at the Annual General Meeting on 15 April 2005 the proposed date of payment is 22 April 2005 to shareholders on the register on 11 March 2005.

## 7. EARNINGS/(LOSS) PER SHARE

	<b>2004</b>		<b>2003</b>	
	<b>£000's</b>	<b>Per share</b>	<b>£000's</b>	<b>Per share</b>
Profit/(loss)/basic profit/(loss) per share	1,178	2.5p	(1,893)	(4.7)p
Adjustments:				
Amortisation – Group	1,140	2.4p	2,926	7.3p
Amortisation - joint ventures	9	0.1p	60	0.1p
Loss on sale of discontinued activities	-	-	518	1.3p
Adjusted earnings per share	2,327	5.0p	1,611	4.0p

Reconciliation of the earnings/(loss) and the weighted average number of shares used in the calculations are set out below:

	<b>Earnings £000's</b>	<b>2004 Weighted average number of shares</b>	<b>Earnings per share p</b>	<b>(Loss)/ earnings £000's</b>	<b>2003 Weighted average number of shares</b>	<b>(Loss)/ earnings per share p</b>
<b>Basic EPS</b>	1,178	46,887,267	2.5	(1,893)	40,357,925	(4.7)
Dilutive effect of: Options		1,110,857	-		807,964	-*
<b>Dilutive EPS</b>	1,178	47,998,124	2.5	(1,893)	41,165,889	(4.7)
<b>Basic EPS</b>	1,178	46,887,267	2.5	(1,893)	40,357,925	(4.7)
Amortisation – Group	1,140		2.4	2,926		7.3
Amortisation – joint ventures	9		0.1	60		0.1
Loss on sale of discontinued activities	-		-	518		1.3
<b>Adjusted EPS</b>	2,327	46,887,267	5.0	1,611	40,357,925	4.0

\* Because in 2003 basic EPS resulted in a loss per share the options had no dilutive effect.

The adjusted EPS figures have been calculated using earnings before amortisation and in 2003 before loss on sale of discontinued activities as this represents the ongoing operational earnings per share of the Group.