Annual Report and Accounts 2004

Tarsus Group plc

Year ended 31 December 2004

TARSUS

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DIRECTORS AND ADVISORS

TARSUS GROUP plc
Registered Number 2000544

Directors

N D Buch	Executive Chairman
J D Emslie	Group Managing Director
B Becker	Executive Director
R Pellow	Executive Director
R T E Ware	Non-Executive Director
H C Scrimgeour	Non-Executive Director

Secretary

P F C Begg

Registered Office

Commonwealth House
2 Chalk Hill Road
London W6 8DW

Principal Bankers

Barclays Bank PLC
54 Lombard Street
London EC3V 9EX

Financial Advisors

KBC Peel Hunt Limited
111 Old Broad Street
London EC2N 1PH

Solicitors and Legal Advisors

Macfarlanes
10 Norwich Street
London EC4A 1BD

Stockbrokers

KBC Peel Hunt Limited
111 Old Broad Street
London EC2N 1PH

Registrars and Transfer Office

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4BR

Auditors

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

CHAIRMAN'S AND MANAGING DIRECTOR'S STATEMENT

RESULTS

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.

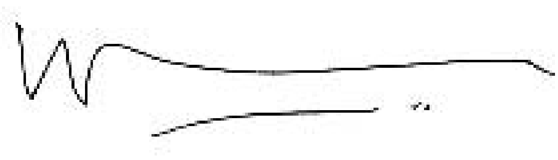
Our French business with its diversified exhibition and directory portfolio is now fully participating in the Group's overall growth prospects. The impact of the SeCA and Linux transactions will accrue for the first time in 2005 and the Group will continue to seek infill acquisitions to help it achieve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

Exhibition space:

Major Events	Date of next event	2004 m^2 sold	Prior event m^2 sold	Growth %	Rebookings to date m^2 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
Educatec	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
28 February 2005

Douglas Emslie
Group Managing Director
28 February 2005

FINANCIAL REVIEW

PROFIT AND LOSS

The Group has achieved turnover including joint ventures of £15.5 million (2003: £17.7 million). The fall in turnover results from the Group's disposal of its loss making activities in 2003 and the impact of the weak US dollar. At constant exchange rates underlying revenues rose 6.5%. The Group achieved an adjusted profit before tax, goodwill amortisation and discontinued operations of £3.0 million (2003: £2.1 million), representing an increase of 43% over the prior year. 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).

Goodwill amortisation amounted to £1.1 million (2003: £2.9 million).

The Group made an operating profit on ordinary activities before taxation of £1.8 million (2003: loss of £1.4 million).

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.

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.

BALANCE SHEET

As at 31 December 2004, the Group had net assets of £1.5 million (2003: net liabilities £2.6 million), an increase of £4.1 million in the year.

Goodwill is reflected in the intangible assets balance. All goodwill associated with acquisitions is capitalised in the balance sheet and amortised over the estimated useful economic life of the related acquisitions. The current Group policy is that goodwill on new media acquisitions is written off over 10 years, whilst goodwill on traditional media acquisitions is written off over 20 years.

It is the Group's policy to recognise the profits of an event only on completion. Until completion such revenue and costs are held on the balance sheet. Where a loss is predicted for an event, the loss is recognised in the profit and loss account in the period the loss is first anticipated. Included in net current liabilities is deferred income of £6.1 million (2003: £4.3 million). Prepaid event costs of £0.7 million (2003: £0.7 million) are included in debtors.

The Group recognises future liabilities in respect of deferred consideration payments for completed acquisitions, these are disclosed in the balance sheet within creditors, split between amounts due within one year £0.2 million (2003: £0.2 million) and those amounts due after more than one year £0.7 million (2003: £0.1 million).

The provisions of £0.5 million (2003: £0.9 million) represent vacant property provisions, redundancy and potential tax payments.

TREASURY AND FINANCIAL INSTRUMENTS

The Group carries out regular reviews of its banking facilities. As at 31 December 2004 the net facilities were £12.2 million (2003: £17.3 million). At the year-end the Group had net debt of £7.9 million (2003: £11.7 million). The Group monitors cash and overdraft balances on a weekly basis. At 31 December 2004, the Group's loans were denominated in US dollars (2003: US$8.0 million and €13.9 million).

The Group's strong performance resulted in a significant cash inflow from operating activities of £2.9 million (2003: inflow of £3.9 million) this, along with a portion of the funds raised in the placings in July and August has allowed the Group to reduce net debt by £3.8 million in the year.

Major cash outflows during the year included acquisitions of £1.8 million (2003: £nil), interest paid of £0.4 million (2003: £1.1 million), deferred consideration of £0.2 million (2003: £0.4 million) and a dividend payment of £0.7 million (2003: £0.3 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.

GOING CONCERN

After considering the current financial projections for the Group, the directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

ACCOUNTING POLICIES

The accounting policies of the Group are set out on page 34.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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, issues may arise in other areas.

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.

DIVIDEND POLICY

The Directors take a prudent approach to dividend payments and will make payments only when commercially viable to do so.

The Directors are pleased to announce a proposed final dividend of 2.5p per share for the year ended 31 December 2004 (2003: 2.2p).

Douglas Emslie
Group Managing Director
28 February 2005

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENT

The Group operates as an integrated media group primarily engaged in exhibitions, but with associated conferences, publishing and internet activities. The Group operates in the United States, Europe and the Emerging Markets.

A fair review of the development of the business of the Group during the year, and its position at the end of it, is given in the Chairman's and Managing Director's Statement and in the Financial Review on pages 5 to 9. Information on the principal businesses acquired or disposed of from 1 January 2004 to date is disclosed in the notes to the financial statements.

RESULTS FOR THE YEAR AND DIVIDENDS

The results for the year are set out in the consolidated profit and loss account on page 29.

Subject to the approval of shareholders at the Annual General Meeting, to be held on 15 April 2005, the directors propose to pay a dividend of 2.5p per share on 22 April 2005 to shareholders on the Register of Members on 11 March 2005.

As advised to shareholders on 28 February 2005, in the preliminary announcement of results for the year ended 31 December 2004, the Company proposes to give shareholders the ability to elect to take this dividend in cash or as a scrip issue in new ordinary shares or as a combination of the two. The directors are empowered to offer this scrip alternative pursuant to an ordinary resolution of the Company passed at an Extraordinary General Meeting held on 29 April 2002.

The "relevant value" of the ordinary shares of the Company to be issued by way of scrip alternative is determined by reference to Article 130(ii) of the Company's Articles of Association, and is the average value of the Company's ordinary shares for the five dealing days starting from and including 9 March 2005, that being the day when ordinary shares were first quoted "ex-dividend".

Full details of the scrip dividend alternative (including details of a mandate scheme for the convenience of shareholders who wish, if and to the extent that scrip dividend alternatives are offered in the future, to elect automatically to receive fully paid ordinary shares instead of cash in respect of future dividends to which they may be entitled) are being sent to shareholders, together with Forms of Election or Statements of Entitlement (as appropriate), in a separate circular.

POST BALANCE SHEET EVENT

Tarsus Travel Exhibitions Limited

On 14 February 2005 the Company exercised an option to acquire from Rising Star Media Group Limited 25 Ordinary Shares of £1 each in Tarsus Travel Exhibitions Limited (formerly known as Rising Star Exhibitions Limited). On the same day the Company exercised its right to convert its holding of convertible unsecured loan stock of Tarsus Travel Exhibitions Limited into 50 Ordinary Shares of £1 each of that company. As a result of these actions the Company now owns 75% of the issued ordinary share capital of Tarsus Travel Exhibitions Limited. The balance of 25% is held by Stanislava Blagoeva-Duschell, the Managing Director of Tarsus Travel Exhibitions Limited, who is responsible for organising the Beijing International Travel and Tourism Market ("BITTM") show, the rights to which are owned by Tarsus Travel Exhibitions Limited.

DIRECTORS AND THEIR INTERESTS

The following Directors held office during the year:

N D Buch
J D Emslie
D P Delaney (resigned on 3 March 2004)
B Becker
R Pellow (appointed as an executive director on 3 November 2004)
P O'Donnell (resigned on 28 April 2004)
C A Smith (resigned on 28 April 2004)
R T E Ware
H C Scrimgeour (appointed as a non-executive director on 4 March 2004)

The interests of the directors in the shares of the Company as set out in the register maintained by the Company pursuant to Section 325 of the Companies Act 1985 are set out in the remuneration report on pages 17 to 22. No director had or has any material interest in any contractual agreement existing during or at the end of the year which is or may be significant to the Company or the Group, excepting the consultancy agreement with Mr Becker referred to in note 26 to the financial statements.

DETAILS OF THE NON-EXECUTIVE DIRECTORS

Hugh Scrimgeour, 52, was appointed a director of the Company on 4 March 2004. Between 1993 and 1999 he was Chairman and Managing Director of Earls Court and Olympia, a major London events venue and exhibition organiser. Between 2000 and 2002, Mr Scrimgeour was a director of, and later Chief Executive Officer of Expocentric plc, a leading provider of online services to the events industry. Mr Scrimgeour is a Chartered Accountant and brings with him a wealth of industry experience relevant to the business as well as a valuable working knowledge of the Chinese exhibition market.

Robert Ware, 50, was appointed a director of the Company in February 2000. He was a director of MEPC Limited ("MEPC") until June 2003. Initially Corporate Development Director, he was appointed Deputy Chief Executive in May 1999. In 2003 Mr Ware left MEPC to set up The Conygar Investment Company PLC, an AIM-listed company of which he is the Executive Chairman.

DETAILS OF THE EXECUTIVE DIRECTORS

Neville David Buch, 58, (Executive Chairman), joined the Company in December 1996. He was previously Executive Chairman of Blenheim Group PLC, a leading international exhibition, publishing and conference company which was acquired by United News & Media plc for £593 million in 1996.

James Douglas Emslie, 38, (Managing Director), joined the Company when it launched in 1998 as Finance Director, becoming Group Managing Director in 2000. Prior to joining Tarsus he was financial planning director of Miller Freeman, the exhibitions and trade magazine division of United Business Media plc. He previously held the same position at Blenheim Group PLC prior to its takeover.

Bernard Becker, 54, (Director), joined the French division as Président Directeur Général of Tarsus Groupe MM SA in January 2003. Previously Mr Becker was a main board director of Blenheim Group PLC and Directeur Général of Groupe Blenheim SA for six years until 1994. He was subsequently Chairman of Reed Elsevier's European exhibition division for 5 years.

Roger Pellow, 46, (Director), joined Tarsus in 2001, and heads up the Group's label division which runs nine Labelexpo events across the globe and publishes the market leading magazine, Labels and Labeling. Prior to this, Mr Pellow worked at CMPi (part of United Business Media plc) where he was Sales Director of the UK Division.

The business address of each of the directors is Commonwealth House, 2 Chalk Hill Road, London W6 8DW.

RE-ELECTION OF DIRECTORS

The principles contained in the Combined Code are satisfied in relation to the requirement for each director to seek re-election at intervals of no more than three years.

Article 86 of the Company's Articles of Association entitles the directors to appoint an additional director, but any director appointed in this way must retire from office at the first Annual General Meeting following his appointment. As a result, Mr Pellow will retire and will submit himself for election at the Annual General Meeting.

Article 87 of the Company's Articles of Association requires that at every Annual General Meeting one third of the current directors must retire. Where the number of directors is not a number divisible by three, the number of directors to retire is to be the number which is nearest to and less than one third. On this basis two of the Company's six directors must retire by rotation at the Annual General Meeting to be held on 15 April 2005. Article 88 states that the directors to retire by rotation will be those directors who have been directors longest since they were last elected. On this basis Mr Emslie who was last re-elected on 31 May 2002 will retire by rotation. Mr Buch and Mr Ware, both of whom were last re-elected on 25 April 2003, have agreed between them pursuant to Article 88(A) that Mr Ware will also retire by rotation. Both Mr Emslie and Mr Ware intend to seek re-election and the Chairman has confirmed that they both continue to be effective and to demonstrate commitment to their roles.

DONATIONS

Charitable donations of £158 were made during the year (2003: £165).

EMPLOYEE INVOLVEMENT

The Company continues to maintain its commitment to employee involvement. Employees are kept informed of corporate results, business developments and matters which concern them by regular announcements. The Group pursues a policy of equal opportunity for all employees and potential employees. People with disabilities are, wherever possible, given the same opportunities for employment, training, career development and promotion, taking into account their individual abilities and qualifications. Employees becoming disabled during their employment with the Company are retained and continue to receive appropriate training. The Company continues to consult with employees on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests. Many of the employees are members of the Company's executive share option scheme.

CREDITOR PAYMENT POLICY

It is not the Company's policy to follow any standard or code on payment practice. However, the Company agrees payment terms with its suppliers on an individual basis and abides by those payment terms. Company creditor days at the end of the year amounted to 19 (2003: 33). The Group creditor days at the end of the year amounted to 87 (2003: 90).

CHANGES IN SHARE CAPITAL

The following changes have taken place to the share capital of the Company since 1 January 2004:

	Number of Ordinary Shares of 5p each
Issued share capital as at 1 January 2004	**44,694,674**
Issued as scrip alternative on 28 April 2004	265,320
Issued on placing (first tranche) on 8 July 2004	2,234,720
Issued on placing (second tranche) on 3 August 2004	2,261,270
Issued share capital as at 31 December 2004	**49,455,984**
Issued on exercise of share options on 10 February 2005	15,795
Issued share capital as at 28 February 2005	**49,471,779**

The placing was made by KBC Peel Hunt on behalf of the Company to a number of institutional shareholders at 87.0p per share on the dates referred to above.

SUBSTANTIAL SHAREHOLDINGS

At 28 February 2005 the Company had been notified of the following discloseable interests in its issued ordinary share capital pursuant to sections 198 to 208 of the Companies Act 1985:

	Number of Ordinary Shares	**Percentage at 28 February 2005**
N D Buch[1]	11,798,155	23.85
Framlington Investment Management	5,475,000	11.07
P O'Donnell	5,312,857	10.74
C A Smith	3,504,135	7.08
Lattice Group Pension Scheme	2,003,783	4.05
Jupiter Asset Management	1,700,953	3.44
G E Bud	1,588,759	3.21

No persons other than those listed above had interests of more than 3 per cent of the issued ordinary share capital of the Company.

CONTRACTS OF SIGNIFICANCE

<u>May 2004 – Agreement with William Jage relating to the Off-Price Home Goods Show</u>

By an agreement dated 10 May 2004 and made between the Company and William Jage (who is Chairman of Off-Price Specialist Center, Inc ("OPSC"), a subsidiary of the Company) William Jage agreed on behalf of Cedar Trees Management LLC ("Cedar") a company owned by him, that Cedar would organise the Home Goods Show under a licence from OPSC of the Off-Price trade mark and trade names. Under the licence agreement OPSC receives 70% of the net pre-tax profits of the show, less US$50,000. If the Home Goods Show makes a loss in any year (such that no licence fee is payable to Tarsus) Tarsus will pay Cedar the sum of US$50,000. No further licence fees will be payable when the aggregate licence fees paid equal US$1,000,000.

Tarsus has a call option, exercisable at any time, to purchase the entire equity share capital of Cedar (which owns the intellectual property rights to the show) for a consideration equal to 1.41 times the net pre-tax profits of the Home Goods Show in calendar year 2006.

If the option is exercised before 31 December 2006, Cedar will also be paid, by way of additional consideration, 30% of the after-tax profits of any edition of the Home Goods Show held in 2004, 2005 and 2006 plus US$50,000 in respect of each of such years.

There will be deducted from the consideration an amount equal to any working capital loan outstanding from Cedar to Tarsus at the date the call option is exercised.

William Jage provides a non-competition covenant in relation to his activities in the Off-Price apparel market, the home goods market and certain other market sectors.

<u>May 2004 – Off-Price Specialist Center, Inc. and the grant of Tarsus options</u>

By an agreement dated 24 May 2004 and made between Edward Bernard of Bermo Enterprises Inc. and the Company, Bermo agreed to exhibit at the Off-Price shows held in Las Vegas for a period of 5 years. In exchange Tarsus granted to Edward Bernard (or to Bermo Enterprises, Inc or otherwise as Edward Bernard may direct) options to acquire up to 400,000 ordinary shares of the Company at a price of 97.5p (the mid-market price of the shares on 12 March 2004, the date of grant). 200,000 of these options may be exercised after 3 years from the date of grant, 100,000 after 4 years from the date of grant and 100,000 after 5 years from the date of grant.

[1]Of the ordinary shares held by N D Buch 275,374 ordinary shares are owned by Owlcastle Limited, a company in which Mr Buch has a 50 per cent beneficial interest.

By an agreement dated 24 May 2004 and made between Steven Wax of Bounty Trading Corp and the Company, Bounty agreed to exhibit at the Off-Price shows in Las Vegas for a period of 5 years. In exchange Tarsus granted to Steven Wax (or to Bounty Trading Corp or otherwise as Steve Wax may direct) options to acquire up to 400,000 ordinary shares of the Company at a price of 97.5p (the mid-market price of the shares on 12 March 2004, the date of grant). 200,000 of these options may be exercised after 3 years from the date of grant, 100,000 after 4 years from the date of grant and 100,000 after 5 years from the date of grant.

July 2004 – Acquisition of Advanstar's joint venture interest in SECA SA

By an agreement dated 8 July 2004 and made between Tarsus Groupe MM SA ("Tarsus") and Advanstar Holdings GmbH ("Advanstar") (a wholly owned subsidiary of Advanstar Holdings Inc) Tarsus acquired from Advanstar the whole of the issued share capital of SECA SA, which owns a 65 per cent interest in MM Star SAS. MM Star SAS, which was already owned as to 35 per cent of its share capital by Tarsus, organises an exhibition for the call centre market and publishes an associated directory. The consideration for the SECA acquisition was approximately US$2.23 million payable in cash.

The SECA acquisition was a logical rationalisation of the Company's existing business, since the joint venture with Advanstar had already been managed by Tarsus since its inception in 2001.

July 2004 – Acquisition of the "Solutions Linux" exhibition

By an agreement dated 8 July 2004 and made between Tarsus Groupe MM SA ("Tarsus")(1), Infopromotions SA (2) and Groupe Solutions SA (3) Tarsus acquired all the rights and assets of the Solutions Linux exhibition in France for a consideration capped at €3 million payable in cash, of which €1.05 million was paid on completion. Deferred consideration of up to €1.95 million becomes payable if profit targets are achieved for the two editions of the Solutions Linux exhibitions in 2005 and 2006. Under a separate agreement the Solutions Linux exhibition continued to be run by its previous owners for the edition held in February 2005 and will continue to be run by its previous owners for the 2006 edition.

The Solutions Linux exhibition addresses suppliers and users of LINUX operating systems. The source code at the heart of LINUX systems is freely available and its functionality and adaptability has made it the main alternative to the proprietary Unix and Microsoft operating systems.

July 2004 – Placing Agreement with KBC Peel Hunt & Co Ltd.

By an agreement dated 8 July 2004 and made between the Company and KBC Peel Hunt Limited, KBC Peel Hunt agreed to place with institutional investors 4,495,990 new ordinary shares of the Company. The shares were placed at 87p per ordinary share, representing a discount of approximately 6.45% below the closing mid-market price of the Company's ordinary shares on 8 July 2004. The net proceeds of the placing were used for the acquisition of the businesses referred to above and to provide the Group with additional working capital. The placing was not underwritten.

October 2004 – Tarsus Travel Exhibitions Limited

On 14 October 2004 Rising Star Exhibitions Limited (now called Tarsus Travel Exhibitions Limited ("TTEL")) issued to the Company 16 non-voting preference shares carrying rights to the profits of TTEL's 2005 Beijing International Travel and Tourism Market ("BITTM") exhibition in Beijing ("the Preference Shares") in exchange for £30,000 paid by the Company in cash and the waiver by the Company of its right to repayment of £30,000 which had been advanced by it to TTEL. Stanislava Blagoeva, who is responsible for the BITTM exhibition has an option to purchase up to four of these Preference Shares at any time prior to 31 December 2005.

By a subsequent agreement dated 28 October 2004 Rising Star Media Group Limited granted to the Company, for a consideration of £50,000, an option to purchase its holding of 25 ordinary shares of £1 each of TTEL at any time before 31 December 2007 for a consideration of 3.5 times 25% of the net pre-tax profits of the 2005 edition of the BITTM exhibition, less £125,000.

November 2004 – Co-sponsorship agreement with FINAT

By an agreement dated 15 November 2004 and made between Tarsus Exhibitions and Publishing Limited and FINAT (the leading international trade association for the self-adhesive labelling industry) the parties entered into a new agreement for cooperation and co-sponsorship of all Labelexpo Europe shows through to 2011 and all Labelexpo Southeast Asia shows through to 2010.

November 2004 – Disposal of London Off-Price Show

By an agreement dated 26 November 2004 and made between the Company (1), Tarsus Exhibitions and Publishing Limited ("TEPL") (2), Idex Media Limited (3), and Munroe Carter (4), TEPL agreed to sell to Idex Media Limited the name and intellectual property rights relating to the London Off-Price Show, a tradeshow relating to discount clothing, accessories and footwear which had previously been licensed to and managed by Idex Media Limited. The consideration for the sale is £240,000 in cash, of which £60,000 was paid on completion and three deferred instalments of £60,000 each will be paid on 1 May 2005, 1 November 2005 and 1 May 2006 respectively.

November 2004 – Joint venture with IDTechex Limited

By an agreement dated 30 November 2004 and made between IDTechex Limited and the Company, the parties agreed to collaborate on a 50:50 basis in the promotion, organisation and production of the "Smart Labels USA 2005" conference and table top exhibition in Baltimore, USA in June 2005. IDTechex Limited provides independent analysis, conference and publications relating to "smart labelling" (including RFID technology).

ANNUAL GENERAL MEETING

The next Annual General Meeting of the Company will be held on 15 April 2005. The notice of the meeting is set out on pages 54 to 56. An explanation of the items of special business is set out below.

GENERAL EXPLANATION OF SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

Non-executive directors' fees

The Company's Articles of Association provide that the total fees (which would not include salaries) payable to the directors in any financial year must not exceed £50,000 unless a higher aggregate sum is approved by an ordinary resolution of the shareholders at a general meeting. This was increased to £100,000 by a resolution passed at last year's Annual General Meeting. In practice, fees are only paid to non-executive directors. Resolution 7 set out in the Notice of Meeting, which will be proposed as an ordinary resolution, will, again, fix the aggregate fees payable to the directors at £100,000. The fees payable to each individual non-executive director are determined by the Board.

Authority to allot

Resolution 8 set out in the Notice of Meeting, which will be proposed as an ordinary resolution, will authorise the directors (pursuant to Section 80 of the Companies Act 1985) to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £824,529, being approximately 33.3 per cent of the nominal value of the ordinary shares currently in issue. The authority (unless previously varied, revoked or renewed) will expire on the earlier of 15 months from the date of passing of the resolution or the conclusion of the Annual General Meeting held to approve the Report and Accounts for the year ending 31 December 2005.

The directors will exercise such authority to allot only when satisfied that it is in the interests of the Company to do so. They have no present intention, however, of exercising the authority, except if necessary in connection with the issue of shares under the Company's share option scheme and to satisfy valid applications for shares under the scrip dividend scheme.

Disapplication of pre-emption rights

The provisions of Section 89 of the Companies Act 1985 (which, to the extent not disapplied, confer on shareholders rights of pre-emption in respect of the allotment of 'equity securities' which are or are to be paid up in cash other than by way of allotment to employees under an employees' share scheme) apply to the authorised but unissued ordinary shares of the Company to the extent that they are not disapplied pursuant to Section 95 of the Companies Act 1985.

Resolution 9 as set out in the Notice of Meeting will be proposed as a special resolution to permit directors to allot shares without the application of these statutory pre-emption rights, first, in relation to rights issues and, secondly, in relation to the issue of ordinary shares in the capital of the Company for cash up to a maximum aggregate nominal amount of £123,679 (representing approximately 5 per cent of the nominal value of the ordinary shares of the Company currently in issue).

The authority (unless previously varied, revoked or renewed) will expire on the earlier of 15 months from the date of passing of the resolution or the conclusion of the Annual General Meeting held to approve the Report and Accounts for the year ending 31 December 2005.

Repurchase of ordinary shares

At the Annual General Meeting of the Company held on 28 April 2004, the Company was given authority to make market purchases of up to 4,469,467 of its own ordinary shares. The Company did not make any purchases pursuant to this authority prior to 31 December 2004. Accordingly, as at 31 December 2004 such authority remained outstanding in relation to 4,469,467 shares.

Resolution 10 which will be proposed as a special resolution, will authorise the Company to make market purchases of up to approximately 10 per cent of the Company's issued ordinary share capital at prices not less than the nominal value of an ordinary share and not exceeding 105 per cent of the average of the middle market quotations for the five business days before each purchase (exclusive of expenses). The authority will expire on the earlier of 15 months from the date of passing of the resolution or the conclusion of the Annual General Meeting held to approve the Report and Accounts for the year ending 31 December 2005. Your directors have no plans to make such purchases. It is envisaged that purchases would only be made after considering the effect upon earnings per share and the benefits for shareholders generally.

Including the 800,000 options granted to Bermo Enterprises, Inc and Bounty Trading Corp there were 4,437,422 options outstanding in respect of shares in the Company as at 28 February 2005 which, if exercised on that date would have represented 8.2 per cent of the entire issued share capital of the Company. They would represent 9.1 per cent of the entire issued share capital of the Company if the Company purchased all the shares it is able to purchase pursuant to the authority sought by Resolution 10.

Approval of Remuneration Report

Resolution 11, which will be proposed as an ordinary resolution, will seek the approval of the Company's shareholders to the remuneration report of the directors set out in pages 17 to 22 of this document.

AUDITORS

The Company's auditors, KPMG Audit Plc, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the Board
P F C Begg
Company Secretary
28 February 2005

REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee (the "Committee") is responsible for determining the salaries and other remuneration of the executive directors and senior management of the Group. It is also responsible for the Company's Executive Share Option Scheme. There have been no special arrangements or significant changes since the previous remuneration report.

Throughout the year ended 31 December 2004 the Committee has comprised not less than two directors. R T E Ware served as Chairman throughout the year. P O'Donnell served as a member up to his resignation on 28 April 2004. H C Scrimgeour has served as a member since his appointment as a director on 4 March 2004.

The Company regards all members of the Committee as independent under the Combined Code. Technically P O'Donnell had previous executive status with the Group (he was Chairman of BBB Design Group plc before it was renamed Tarsus Group plc). However he was regarded by the Company as wholly independent because the whole of the business of BBB Design Group plc was in fact sold to P O'Donnell, or to companies controlled by him, in June 1998 such that there was no longer any connection between the business of the Group and the business operated by P O'Donnell. P O'Donnell retired from the Board of Directors at the Annual General Meeting on 28 April 2004 and did not seek re-election.

The non-executive directors were able, if they wished, to have access to independent advice during the course of the year, and this remains the case. The Committee is responsible for appointing consultants where advice is required in respect of executive director remuneration.

N D Buch attends meetings of the Remuneration Committee by invitation except when his own remuneration is under discussion. From time to time meetings of the Committee are also attended by invitation by the Managing Director, J D Emslie, except when his own remuneration is under discussion. Both N D Buch and J D Emslie, when attending, have assisted the Committee in its deliberations.

The Committee does not determine the fees payable to the non-executive directors, which are considered and approved, subject to the limits set out in the Articles of Association, by the entire Board. The fees paid to the non-executive directors during the year were:

C A Smith	£8,750
H C Scrimgeour	£16,615
R T E Ware	£26,250
P O'Donnell	£5,230

All of the non-executive appointments run for 12 month periods and the term of the appointment may be renewed by mutual consent for further periods of one year subject to re-election on retirement at any Annual General Meeting, at which they may be required, pursuant to the Company's Articles of Association, to retire by rotation.

REMUNERATION POLICY

In establishing its remuneration policy, the Committee confirms that full consideration has been given to the provisions set out in the Combined Code.

The policy of the Committee in respect of the remuneration of the executive directors for the current financial year and subsequent financial years (to the extent that the Committee is able to determine this) is to:

• Recruit and retain directors and senior executives of the highest calibre;
• Align the interests of the executive directors with those of shareholders.

The Committee consults with the Chairman about their proposals relating to the remuneration of executive directors. Remuneration levels are designed so that no more is paid than is necessary. The Committee endeavours to remain sensitive to the wider scene, judging where to position the Group relative to other companies (though using such comparisons with caution) and considering pay and conditions throughout the Group, especially when determining annual salary increases.

As regards the design of performance-related remuneration the Committee gives attention to the provisions in Schedule A to the Combined Code ("Provisions on the design of performance-related remuneration").

In respect of share options and long-term incentive plans, the maximum award of share options which may be made under the Company's Executive Share Option Scheme is equivalent to four times annual salary. As a pre-condition of exercise, performance criteria are established to require an increase in the Company's share price by a fixed percentage, compounded year on year, calculated from the grant date, on the original grant price of the option.

The Company makes available a stake holder pension scheme in accordance with its legal obligations but does not itself offer any Company pension scheme and currently has no plans to introduce any such scheme.

The fees of the non-executive directors are agreed by the Board subject to an overall limit determined by the shareholders. They are designed to recognise the significant responsibilities and time commitments of the non-executive directors and to attract individuals with the necessary experience and ability to make an important contribution to the Group's affairs. The fees, which are neither performance-related nor pensionable, are comparable with those paid by other companies operating in the same sector as the Company. Remuneration for non-executive directors does not currently include share options.

There is a formal system for the appraisal of the executive directors and senior employees. The non-executive directors, led by the senior independent director, are responsible for evaluating the performance of the Chairman taking into account the executive directors views.

COMPONENTS OF DIRECTORS' REMUNERATION

The remuneration of the executive directors consists of basic salary, benefits, performance bonuses and share options.

The remuneration of the executive directors is reviewed annually. The Committee takes into account individual performance, company performance, factors affecting the relevant sector, market practice and inflation. During the year the executive directors were incentivised by reference to pre-tax profits of the Group (or that part of the Group for which they were responsible) against budget. Bonuses were awarded by the Remuneration Committee as the Group had exceeded budgeted pre-tax profits. All such bonuses are paid on a discretionary basis and are subject in each case to a maximum upper limit, which, other than in exceptional circumstances, do not exceed one third of salary.

DIRECTORS' SERVICE CONTRACTS

All the service contracts of the executive directors contain conventional provisions for summary termination for "cause" but are otherwise terminable on 12 months' notice expiring at any time, excepting Mr Pellow whose service contract is terminable on 6 months' notice expiring at any time. Under these contracts, directors are entitled, at the Company's option, to salary and associated benefits in lieu of notice. It is company policy that there is no further provision for compensation for loss of office.

Non-executives' letters of appointment set out the expected time commitment, and the non-executive directors undertake that they would have sufficient time to meet what is expected of them. Non-executive service contracts are in place until the date falling 12 months after the date of the relevant contract. The term of the appointment may be renewed by mutual consent for further periods of 12 months. Non-executive directors are entitled to outstanding fees relating to the unexpired term of their contract in lieu of notice.

If any executive director wishes to accept a non-executive appointment elsewhere, this is discussed in advance with the Board, including whether the director concerned should be entitled to retain any fees and payments from sources outside the Group. At the present time none of the executive directors serve as non-executive directors elsewhere or is entitled to remuneration in respect of directorships of other companies. At present no full-time executive director has a non-executive directorship (or chairmanship) of a FTSE-100 company.

Any other significant commitments of actual or proposed non-executive directors are disclosed to the Board before appointment with a broad indication of the time involved. The Board is informed of any subsequent changes of non-executive directors' other significant commitments. Any changes to the Chairman's other significant commitments are also reported to the Board as they arise.

Details of the contracts currently in place for directors who have served during the year are as follows:

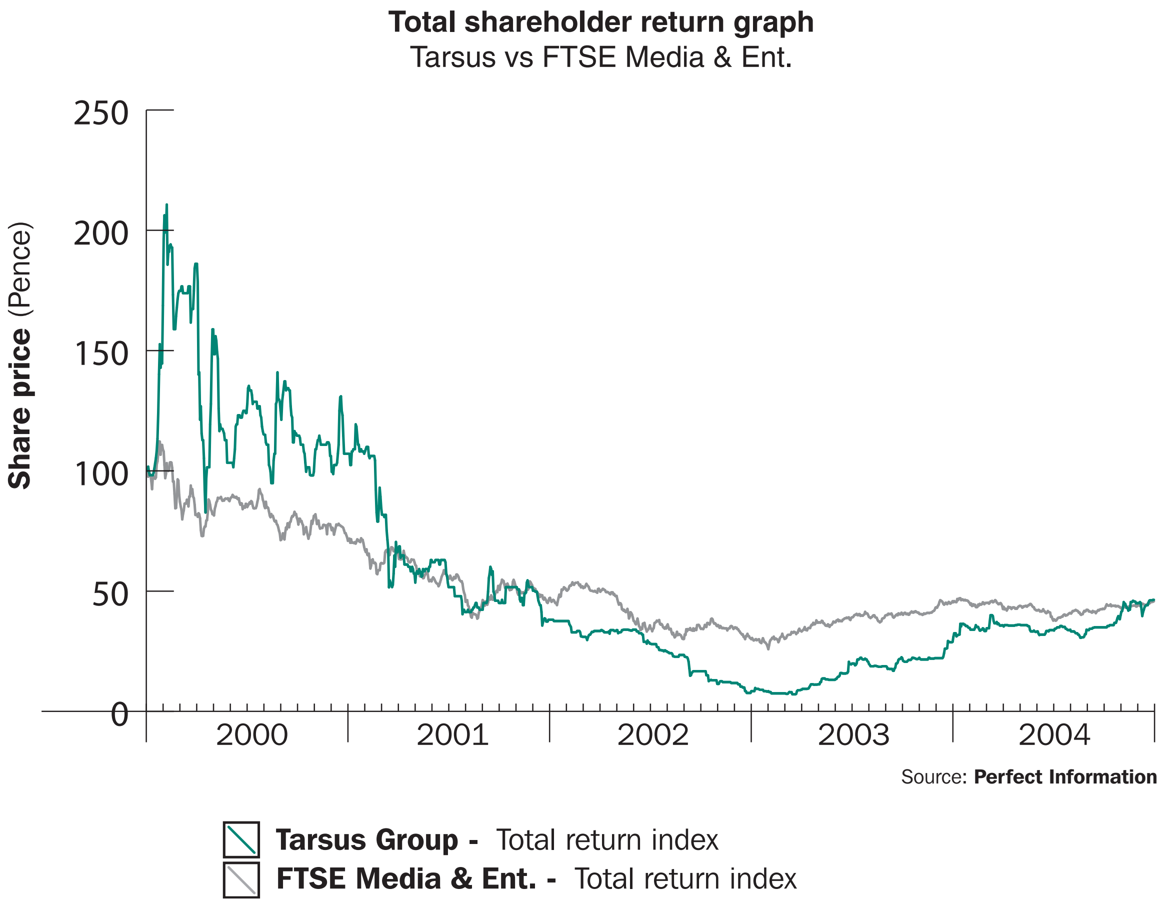
Directors	Date of Contract	Unexpired Term (months)
Executive		
N D Buch	1/6/98	12
J D Emslie	1/6/98	12
B Becker	22/5/00	12
R Pellow	23/04/01	6
D P Delaney	2/2/00	Resigned 3 March 2004
Non-Executive		
P O'Donnell	14/3/86	Resigned 28 April 2004
R T E Ware	1/2/00	11
C A Smith	1/9/99	Resigned 28 April 2004
H C Scrimgeour	4/3/04	12

The general Group policy is for executive directors to have service agreements with notice periods of no greater than 12 months, to reflect current corporate governance best practice. Termination payments and duration of service contracts also reflect corporate governance best practice.

TOTAL SHAREHOLDER RETURN

The following graph charts, from 1 January 2000, the total cumulative shareholder return of the Company.

The graph shows a theoretical growth in value of a shareholding over the past 5 years, assuming that gross dividends are re-invested to purchase additional units of an equity at the closing price applicable on the ex-dividend date. The graph compares a shareholding in the Company to a holding of shares in the FTSE Media & Entertainment Index, being shares of the same or a similar kind to the Company.



The FTSE Media and Entertainment Price Index was selected as it was considered to be the most appropriate benchmark in relation to the Group's core products.

SHARE OPTION POLICY

The Committee sets the share option policy. Grants of options are made based on the seniority of the individual and his or her value to the Company. The value of option grants cannot exceed four times the salary of the relevant individual in total. Executive share options are not offered at a discount.

Performance criteria are imposed as a pre-condition to the exercise of the options. These require an increase in the Company's share price by a fixed percentage compounded year on year, calculated from the grant date on the original grant price of the option. The reason for choosing the Company's share price as a performance criterion is to ensure that the interests of employees are aligned as closely as possible with the interests of the shareholders.

Grants under the Executive Share Options Scheme are phased rather than awarded in one large block.

DETAILS OF INDIVIDUAL EMOLUMENTS

The auditors are required to report on the information contained in this section of the report (pages 20 to 22 inclusive), which includes details of individual emoluments and share options.

The emoluments in respect of qualifying services of each person who served as a director during the year were as follows:

Directors **Executive Directors**	**Salary and fees** **£**	**Compensation for loss of office** **£**	**Bonus** **£**	**Benefits** **£**	**Total 2004** **£**	**Total 2003** **£**
N D Buch	75,000	–	25,000	3,926	103,926	64,381
J D Emslie	150,000	–	50,000	6,512	206,512	155,161
D P Delaney (resigned on 3 March 2004)	20,132	104,100	–	1,946	126,178	118,308
B Becker	111,895	–	25,000	4,175	141,070	63,554
R Pellow (appointed on 3 November 2004)	16,667	–	4,601	210	21,478	–
Non-Executive Directors						
H C Scrimgeour (appointed on 4 March 2004)	16,615	–	–	–	16,615	–
P O'Donnell (resigned on 28 April 2004)	5,230	–	–	–	5,230	15,000
R T E Ware	26,250	–	–	–	26,250	25,000
C A Smith (resigned on 28 April 2004)	8,750	–	–	625	9,375	31,555

Aggregate emoluments in respect of qualifying services amounted to £656,634 (2003: £591,262 including directors who resigned in 2003).

Benefits receivable consist primarily of private fuel and healthcare.

In 2004 B Becker was paid £50,000 for consultancy services undertaken in connection with the disposal of the French publishing business (included above).

No director waived emoluments in respect of the year ended 31 December 2004.

The bonuses above were paid in December 2004 and January 2005. The bonuses were awarded by the remuneration committee on a discretionary basis given that the Company had exceeded budgeted pre-tax profits.

None of the directors has an expense allowance chargeable to UK tax in respect of the year ended 31 December 2004.

Details of share options granted under the Company's Executive Share Option Scheme and held by those directors who served during the year, all of which are beneficially held, are as follows:

	At 1 Jan 2004	Awarded	Exercised	Lapsed	At 31 Dec 2004	Exercise price*	Earliest date of exercise	Expiry date
N D Buch[2]								
24 Jun 98	526,500	–	–	–	526,500	38.0p	24 Jul 01	24 Jun 08
29 Apr 04	–	100,000	–	–	100,000	95.5p	29 May 07	29 Apr 14
J D Emslie								
24 Jun 98	631,800	–	–	–	631,800	38.0p	24 Jul 01	24 Jun 08
19 Sep 03	100,000	–	–	–	100,000	54.0p	19 Oct 06	19 Sep 13
29 Apr 04	–	200,000	–	–	200,000	95.5p	29 May 07	29 Apr 14
D P Delaney								
(resigned on 3 March 2004)								
11 May 99	15,795	–	–	–	15,795	76.0p	11 Jun 02	11 May 09
28 Oct 99	36,854	–	–	–	36,854	163.0p	28 Nov 02	28 Oct 09
2 Feb 00	26,325	–	–	–	26,325	264.0p	2 Mar 03	2 Feb 10
3 Sep 01	25,000	–	–	–	25,000	120.0p	3 Oct 04	3 Sep 11
26 Sep 02	75,000	–	–	–	75,000	44.5p	26 Oct 05	26 Sep 12
B Becker								
11 May 99	52,650	–	–	–	52,650	76.0p	11 Jun 02	11 May 09
6 Mar 03	200,000	–	–	–	200,000	19.0p	6 Apr 06	6 Mar 13
29 Apr 04	–	50,000	–	–	50,000	95.5p	29 May 07	29 Apr 14
R Pellow								
4 Apr 01	25,000	–	–	–	25,000	170.0p	4 May 04	4 Apr 11
26 Sep 02	50,000	–	–	–	50,000	44.5p	26 Oct 05	26 Sep 12
19 Sep 03	25,000	–	–	–	25,000	54.0p	19 Oct 06	19 Sep 13

*The exercise price is the market price of the Company's Ordinary Shares at the date of the award.

No price is payable for the award of any options until such options are exercised. All of the options issued to directors are subject to performance conditions. There were no variations during the year in the terms and conditions of any options, including performance conditions.

Options granted prior to 2 September 2000 require an increase in the Company's share price of 15 per cent compounded year on year and calculated from the grant date on the original grant price of the option. This target has to be achieved for a period of not less than 30 days in aggregate in the relevant year. The super options granted to N D Buch were granted on more demanding terms which required a share price increase of 25 per cent compounded year on year. Options granted since 2 September 2000 have only required an increase in the Company's share price of 10 per cent compounded year on year and calculated from the grant date on the original grant price of the option. These performance conditions were chosen because the Company believes they align the directors interests with those of shareholders and provide keen incentives to perform at the highest levels.

The options granted to N D Buch and J D Emslie in 1998, which were granted at the market price of the Company's ordinary shares at the date of the award, have vested and are currently exercisable as to 100 per cent of the shares under option. The market price of the relevant shares at the last date of vesting was 90.0p.

The options granted to B Becker in 1999, which were granted at the market price of the Company's ordinary shares at the date of the award, have vested and are currently exercisable as to 100 per cent of the shares under option. The market price of the relevant shares at the last date of vesting was 86.5p.

Other directors may exercise all of their shares under option 3 years and 30 days after grant subject to the performance criteria having been met.

[2] 263,250 of N D Buch's options are super options with different performance criteria as set out above.

The market price of the Company's shares at the end of the financial year was 124p and the range of market prices during the year was between 81.5p and 124p, giving an average share price for the year of 96.7p. The market price of the shares in respect of which Mr Buch, Mr Emslie and Mr Becker were granted options in the year ranged between 95.5p and 124p.

There have been no changes to the options held by directors, as set out above, between 31 December 2004 and 28 February 2005, except that on 10 February 2005 Mr Delaney exercised all of the 15,795 options granted to him on 11 May 1999.

INTERESTS IN SHARES

The interests of the directors in the Company's Ordinary Shares (all of which are beneficial except as stated below) as at 1 January 2004 and 31 December 2004 are set out below:

Director	**No of ordinary shares at 1 January 2004 or on date of appointment**	**No of ordinary shares at 31 December 2004**
N D Buch[3]	11,554,290	11,798,155
J D Emslie	593,204	593,204
P O'Donnell (resigned on 28 April 2004)[4]	5,309,038	–
C A Smith (resigned on 28 April 2004)[4]	4,704,135	–
D P Delaney (resigned on 3 March 2004)[4]	80,000	–
R T E Ware	273,164	279,398
H C Scrimgeour (appointed on 4 March 2004)	–	29,673
B Becker	107,692	107,692
R Pellow (appointed on 3 November 2004)	1,600	2,200

There have been no changes in the interests of directors, as set out above, between 31 December 2004 and 28 February 2005.

ANNUAL GENERAL MEETING

A resolution will be passed at the Annual General Meeting approving this report.

R T E Ware
Chairman of the Remuneration Committee
28 February 2005

[3]As regards the ordinary shares held by N D Buch, Owlcastle Limited, a company in which N D Buch has a 50 per cent beneficial interest, owns 275,374 ordinary shares.

[4]Shown as nil as no longer a director at the year end.

COMPLIANCE

The Combined Code on Corporate Governance 2003 ("the Combined Code") applies for reporting years beginning on or after 1 November 2003 and therefore applies for the first time to the Company in respect of the financial year which ended on 31 December 2004. The Board is committed to the application of the principles set out in the Combined Code and the adoption of the appropriate provisions of the Combined Code or, where the Board considers that these provisions are inappropriate, to providing an explanation of why the Company does not comply with the relevant provisions.

Throughout the year ended 31 December 2004 the Company has complied with the provisions set out in Section 1 of the Combined Code except provision A.6.1 in relation to performance evaluation of the Board which it expects to conduct in the course of 2005.

THE BOARD

The Board currently comprises four executive directors (including the Executive Chairman) and two non-executive directors. Both of the non-executive directors are regarded as independent (within the meaning of Combined Code Provision A.3.1) and the Chairman was independent when he was appointed.

The terms and conditions of appointment of the non-executive directors are available for inspection at the registered office of the Company during normal business hours.

The Company's Articles of Association require that one third of the current directors must retire at every Annual General Meeting. Thus all directors are subject to re-election at intervals of no more than three years.

The Company's Articles of Association also require that any person appointed by the directors must retire from office at the first Annual General Meeting after his appointment. Mr Scrimgeour, who was appointed by the directors on 4 March 2004, accordingly retired and was re-elected at the Annual General Meeting on 28 April 2004. Mr Pellow, who was appointed by the directors on 3 November 2004, will retire and offer himself for re-election at the Annual General Meeting to be held on 15 April 2005.

The Board meets at least six times a year and during the year all of the directors attended all or substantially all of the formal meetings of the Board and of its committees which they were expected to attend. In addition to formal board meetings the executive directors meet regularly to monitor and guide the Group's performance.

The Board has adopted a schedule of matters specifically reserved to itself for decisions. Amongst other things this schedule sets upper limits on the operational commitments which may be entered into by the executive management team without Board authority, particularly in key areas such as acquisitions and disposals of businesses, new launches, capital expenditure and litigation.

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are observed and that the directors receive advice as to their duties as directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

A formal procedure exists whereby any director, in furtherance of his duties, may take independent professional legal advice at the Company's expense. If directors have concerns which cannot be resolved about the running of the Company or a proposed action, they are able to ensure that their concerns are recorded in the Board minutes. If a non-executive director resigns, he may, if he wishes to do so, provide a written statement to the Chairman if he has any such concerns. Training is available for directors where appropriate and the Chairman ensures that new directors receive a full, formal and tailored induction on joining the Board.

The Chairman meets from time to time with the non-executive directors without the executive directors present. Equally the non-executives, who are responsible amongst other things for evaluating the performance of the Chairman, (taking into account the views of the executive directors) meet at the instigation of the senior independent director without the Chairman present, at least annually, to appraise the Chairman's performance, and on such other occasions as they deem appropriate. No formal evaluation has yet taken place of the performance of the Board or of its committees. However the Board expects appropriate evaluations to be carried out before the end of 2005.

The Company has directors and officers insurance cover in place in respect of potential legal action against the directors.

COMMITTEES OF THE BOARD

The Board operates three committees, being the audit, remuneration and nominations committees, all of which have written terms of reference from the Board. These terms of reference are available to shareholders on request. The Board considers that at the present time all of these committees have sufficient resources for their duties.

The audit committee presently comprises the two non-executive directors (H C Scrimgeour (Chairman) and R T E Ware). The remuneration committee also comprises the two non-executive directors (R T E Ware (Chairman) and H C Scrimgeour). The nominations committee comprises the Executive Chairman and the two non-executive directors.

The audit committee is chaired by H C Scrimgeour and meets at least twice a year. The Finance Director (or other person holding equivalent responsibilities) attends all of the audit committee meetings. The external auditors also attend when appropriate.

The terms of reference of the audit committee include the matters set out in the Combined Code Provision C.3.2. Amongst other duties the audit committee has primary responsibility to the Board for making a recommendation as to the appointment, re-appointment or removal of the external auditors. The audit committee has also put arrangements in place, through the Company Secretary, for the proportionate and independent investigation of matters arising as a result of any "whistleblowing", and for appropriate follow up action.

The remuneration committee is chaired by R T E Ware and meets at least twice a year. The Committee's report to shareholders appears on pages 17 to 22.

The nominations committee meets as required to deal with the recruitment of directors to the Board. The Chairman is also the Chairman of the nominations committee.

The nominations committee evaluates the balance of skills, knowledge and experience on the Board and prepares a description of the role and capabilities required for any particular appointment.

An independent non-executive director chairs the nominations committee when it is dealing with the appointment of a successor to the chairmanship. For the appointment of a Chairman, the nominations committee would expect to prepare a job specification, including an assessment of the time commitment expected recognising the need for availability in the event of crises.

R T E Ware and H C Scrimgeour, as the Chairmen of the remuneration committee and audit committee respectively, expect to be available at the Annual General Meeting to answer any questions from investors.

APPROVAL OF REMUNERATION REPORT

Resolution 11, which will be proposed as an ordinary resolution, will seek the approval of the Company's shareholders to the remuneration report set out on pages 17 and 22 of this document.

INTERNAL CONTROLS

The Board has overall responsibility for the Group's systems of internal control. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement.

The Combined Code introduced a requirement that the directors review the effectiveness of the Group's system of internal controls. This extends the previous requirement in respect of internal financial controls to cover all controls including financial, operational, compliance and risk management.

The risk management processes as required by the Turnbull Report were in place for the full year to 31 December 2004 and up to the date of this report. The implementation of the requirements of the Turnbull Report took the form of a continuing review of the principal operational risks across the Group and prioritisation of those risks identified for further action. The Company Secretary also provides a report to each meeting of the board highlighting the status of specific identified risk areas.

The following are the main features of the internal financial control framework:

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Board. Monthly trading results, balance sheets and cash flow statements are reported against budget and updated forecasts and are sent to the Board. On a monthly basis a forecast for the full year is presented to the Executive Board and presented at each Board meeting to the Board. Sales reports are circulated to executive directors weekly and are presented to the Board at each Board meeting.

- Treasury management – the Board have approved a formal treasury policy for the Group. At each Board meeting a treasury report and working capital report are presented. Weekly cash reports are sent to the Executive Chairman and the Group Managing Director.

- Risk management – there is an ongoing process for identifying and reviewing the principal risks affecting the Group's businesses and evaluating their financial implications. This is carried out in conjunction with operating company management and steps are taken where possible to mitigate or manage the risks identified. Insurance is co-ordinated centrally.

- Central controls – formal delegated authorities are in place for all operating companies.

- Operating company systems – each operating company maintains financial controls and procedures appropriate to its own business environment conforming to overall Group standards and guidelines.

- Internal audit – the Group finance department carries out reviews of the systems and procedures of all major operating companies and reports regularly to the audit committee. The necessity for a separate internal audit function is considered on an annual basis.

The Board, through the audit committee, has reviewed the effectiveness of the Group's system of internal financial control.

ENVIRONMENTAL POLICY

The Company seeks to reduce wherever possible any adverse environmental impact of its activities.

GOING CONCERN

Having reviewed the Company's and the Group's liquid resources, borrowing facilities and cash flow forecasts, the directors believe that the Company and the Group have adequate resources to continue as a going concern for the foreseeable future.

NON-AUDIT FEES

KPMG Audit Plc performed non-audit services to the value of £11,000 (2003: £nil). It is the Group's policy not to award non-audit work to the auditors if this were thought likely to compromise their objectivity and independence.

RELATIONS WITH SHAREHOLDERS

The Chairman and the Managing Director have a full programme of meetings and consultations with the Company's major shareholders, both private and institutional, in which they regularly discuss strategy and governance, including issues of remuneration. In turn, the Chairman ensures that the views of the major shareholders are communicated to the whole Board.

The non-executive directors could, if they wished, attend some or all of these meetings with major shareholders, and would be likely to do so if specifically requested to do so by such shareholders. At present neither of them generally attend meetings with the Company's major shareholders. However the senior independent director would do so if he felt this was necessary to develop a balanced understanding of shareholders' specific issues and concerns. Where appropriate major shareholders are offered the opportunity to meet any new non-executive director.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting provides a good opportunity for the directors to report to shareholders on the business activities of the Group and to answer questions.

All votes are properly received and recorded. All proxy votes are counted and, except where a poll is called, the level of proxies lodged on each resolution, and the balance for and against resolution and the number of abstentions, are read out by the Chairman after the relevant resolution has been dealt with on a show of hands.

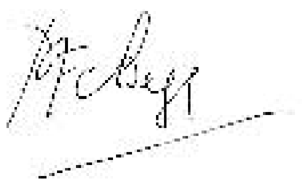
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Company and Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

By order of the Board



P F C Begg
Company Secretary
28 February 2005

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TARSUS GROUP PLC

We have audited the financial statements on pages 29 to 53. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report and the directors' remuneration report. As described on page 26, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the corporate governance statement on pages 23 to 26 reflects the company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the directors' remuneration report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the profit of the group for the year then ended; and

- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB
28 February 2005

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)	1	15,491	15,463	2,253	17,716
Less: share of turnover of joint ventures		(1,007)	(1,048)	(194)	(1,242)
Turnover (excluding joint ventures)		14,484	14,415	2,059	16,474
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)
Operating profit/(loss)	3	2,022	307	(582)	(275)
Share of operating profit/(loss) in joint ventures[5]		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	8	5	150	–	150
Interest payable	9	(439)	(768)	–	(768)
Profit/(loss) on ordinary activities before taxation		1,835	(139)	(1,253)	(1,392)
Taxation	10	(657)	(718)	217	(501)
Profit/(loss) for the financial year		1,178	(857)	(1,036)	(1,893)
Dividend	11	(1,236)	(982)	–	(982)
Retained loss for the financial year	22	(58)	(1,839)	(1,036)	(2,875)
Earnings/(loss) per share (pence)	12				
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.

[5]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)

The movement in group reserves is shown in note 22.

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 AT 31 DECEMBER 2004

	Notes	Group 2004 £ 000's	Group 2003 £ 000's	Company 2004 £ 000's	Company 2003 £ 000's
FIXED ASSETS					
Intangible assets	13	17,516	15,009	–	–
Tangible assets	14	147	236	6	6
Investments	15	491	–	49,962	8,611
Interests in joint ventures	16	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
CURRENT ASSETS					
Debtors	17	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
CREDITORS: Amounts falling due within one year	18	(15,286)	(19,380)	(10,496)	(8,256)
NET CURRENT (LIABILITIES)/ASSETS		(8,499)	(10,330)	(9,858)	22,499
TOTAL ASSETS LESS CURRENT LIABILITIES		9,860	6,719	40,110	31,116
CREDITORS: Amounts falling due after more than one year	19	(7,831)	(8,447)	(5,640)	(100)
PROVISIONS for liabilities and charges	20	(505)	(898)	–	(184)
NET ASSETS/(LIABILITIES)		1,524	(2,626)	34,470	30,832
CAPITAL & RESERVES					
Called up share capital	21	2,473	2,235	2,473	2,235
Share premium account	22	29,404	25,610	29,404	25,610
Capital redemption reserve		15	15	15	15
Other reserves	22	(443)	(443)	(443)	(443)
Profit and loss account	22	(29,925)	(30,043)	3,021	3,415
EQUITY SHAREHOLDERS FUNDS/(DEFICIT)		1,524	(2,626)	34,470	30,832

The financial statements on pages 29 to 53 were approved by the Board of Directors on 28 February 2005 and were signed on its behalf by:

N D Buch
Director

J D Emslie
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004		2003	
	£000's	£000's	£000's	£000's
Operating activities				
Net cash inflow from operating activities		2,924		3,875
Dividend from joint ventures		–		145
Returns on investment and servicing of finance				
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)
Tax paid – overseas		(126)		(275)
Capital expenditure				
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)
Acquisitions and disposals				
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)
Equity dividends paid		(727)		(298)
Cash (outflow)/inflow before financing		(819)		1,980
Financing				
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)	
Net cash outflow from financing		**(817)**		**(3,694)**
Decrease in cash in the period		**(1,636)**		**(1,714)**

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

	2004 £000's	2003 £000's
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 less than 1 year	(67)	(92)
(Decrease)/increase in creditors greater than 1 year	(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)

GROUP ACCOUNTING POLICIES

Basis of accounting
These financial statements have been prepared under the historical cost convention and in accordance with appropriate accounting standards. The directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

Consolidation
The consolidated financial statements to 31 December include the Company and all its subsidiaries. Unless otherwise stated the acquisition method of accounting has been adopted. Under this method the results of businesses acquired or disposed of are consolidated from or to the effective date of acquisition or disposal. Intra-group sales are eliminated on consolidation and all sales and profit figures relate to external transactions only.

Goodwill
Goodwill arising on the acquisition of subsidiary undertakings (representing the excess of the fair value of the purchase price over the fair value of the net assets acquired) is capitalised and amortised over periods of 10 and 20 years. Twenty years is the maximum period over which the directors can estimate that the value of the underlying businesses acquired is expected to exceed the fair value of the underlying assets. Where there has been impairment in the value of goodwill or a business is sold, the goodwill is written off to the profit and loss account in the year of the impairment or in the year of disposal.

Turnover
Turnover represents amounts invoiced in respect of completed exhibitions and conferences, together with related publishing revenue and new media revenues, exclusive of value added tax.

Profit recognition on events:

i) **Traditional media**
Profit is recognised when an event is completed. As such, billings and cash received in advance and directly related costs arising in the year relating to uncompleted and future events are deferred until the events are completed. The amounts so deferred are included in the balance sheet as deferred income or prepaid event costs. Losses are recognised in the profit and loss account in the period the loss is first anticipated.

ii) **New media**
The revenue streams that relate to a period of time have an ongoing obligation and, therefore, are recognised over the period to which they relate. Those revenue streams that have no ongoing obligation are recognised at the invoice date.

Investments
Investments in subsidiary undertakings included in the Company and Group's balance sheets are stated at cost less any impairment in the value of these subsidiary undertakings.

Tangible fixed assets
Tangible fixed assets are stated at cost. It is the policy of the Group to capitalise external web site development costs and classify these costs under computer equipment. These costs were incurred in the development and set up of internet web sites, and include contractor's charges and payments on account, materials and direct labour. The web site assets are depreciated from the date of completion.

Depreciation
Depreciation is provided to write–off the cost of tangible fixed assets to residual values over their estimated useful lives, at the following annual rates:

Computer equipment	33% straight line
Fixtures and fittings	20 – 25% straight line

Employee share scheme
The costs of awards to employees that take the form of shares or rights to shares are recognised over the period of the employee's related performance. Share options are issued at the market price prevailing at the time of issue.

Deferred taxation
Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currency
Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the balance sheet. The trading results of foreign subsidiary undertakings are translated into Sterling at the weighted average rate for the year. Differences arising on the restatement of investments in foreign subsidiary undertakings and the related net foreign currency borrowings and the translation of the results of those companies at weighted average rates, are taken to reserves. These differences are reported in the statement of total recognised gains and losses. All other differences are taken to the profit and loss account.

Leases
Payments under operating leases are charged to the profit and loss account on an accrual basis.

Deferred consideration
Where a portion of consideration for an acquisition is deferred to a date more than one year after the end of the current financial year, that portion of deferred consideration is discounted to its present value. The amount, by which that portion of deferred consideration is discounted, is charged to interest payable. The deferred consideration is based on the directors' current estimate of the final consideration payable.

Financial instruments
The Group does not enter into derivative financial instruments and has no financial liabilities other than creditors and loans. Financial assets and liabilities are recognised and cease to be recognised, on the basis of when the related legal titles or obligations pass to or from the Group. Financial assets are shown at the lower of cost or fair value. Fair value is determined by reference to the market value of the asset or liability.

Joint venture
The Group joint venture interests in MM Star (up to the date of acquisition of the remaining 65% of the share capital) and MD Management have been accounted for in accordance with FRS 9 – Associates and Joint Ventures and UITF 31 – Exchange of businesses or other non-monetary assets for an interest in a subsidiary, joint venture or associate. Accordingly the share of net assets acquired through the Group's interests in MM Star and MD Management has been accounted for at fair value with the difference between these and the fair value of the consideration given being accounted for as goodwill. Also, to the extent that the fair value of the consideration received by the Group exceeds the book value of the part of the business no longer owned by the Group, an unrealised gain has been recognised in the statement of total recognised gains and losses.

Up to the date of acquisition of the remaining 65% of its share capital MM Star was accounted for as a joint venture because it was jointly controlled by the Group and one other venturer under a contractual agreement.

Cash and liquid resources
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

1. SEGMENTAL ANALYSIS

Group turnover, including share of joint ventures turnover; continuing operating profit including joint ventures; and adjusted profit/(loss)[6] by origin is set out below.

	2004 Turnover £000's	2003 Turnover £000's
Geographical Segment		
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

[6]Profit/(loss) before tax and amortisation, excluding loss on disposal of discontinued activities, including share of joint ventures operating profit.

	2004 Continuing operating profit/(loss) £000's	2003 Continuing operating profit/(loss) £000's	2004 Adjusted operating profit/(loss) £000's	2003 Adjusted operating profit/(loss) £000's
Geographical Segment				
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:

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

2. 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)
Profit/(loss) before tax and amortisation	2,984	2,761	(649)	2,112
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)
Profit/(loss) before tax	1,835	(139)	(1,253)	(1,392)
Taxation	(657)	(718)	217	(501)
Profit/(loss) for the period	1,178	(857)	(1,036)	(1,893)
Dividend	(1,236)	(982)	–	(982)
Retained loss for the year	(58)	(1,839)	(1,036)	(2,875)

3. OPERATING PROFIT/(LOSS)

	2004 Total £000's	2003 Total £000's
Turnover	14,484	16,474
Cost of sales	(5,990)	(7,458)
Gross profit	8,494	9,016
Administrative expenses	(5,332)	(6,365)
Administrative expenses – goodwill amortisation and impairment	(1,140)	(2,926)
Total administrative expenses	(6,472)	(9,291)
Group operating profit/(loss)	2,022	(275)

Operating profit/(loss) is stated after charging/(crediting):		
Depreciation	150	178
Amortisation of goodwill, excluding joint ventures (note 13)	1,140	2,926
Auditors' remuneration		
– group audit (final)	92	87
– company audit (final)	8	8
– non-audit services	11	–
Staff costs (note 7)	5,160	5,973
Lease rentals – property	217	300
Lease rentals – equipment	77	147
Foreign exchange profit on foreign currency borrowings	(130)	–

External barter transactions included in the turnover and cost of sales are £467,000 (2003: £497,000).

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.

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

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 (see notes 13 and 16).

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. PROFIT FOR THE FINANCIAL YEAR

The profit for the financial year includes a profit of £1,068,000 before dividends (2003: £3,323,000) dealt with in the accounts of the Company. In accordance with the exemption allowed by Section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the Company has not been presented.

6. DIRECTORS' EMOLUMENTS

	2004 £000's	2003 £000's
Directors:		
Aggregate emoluments	657	591
Highest paid director:		
Aggregate emoluments	207	155

The detailed numerical analysis of directors' remuneration is included in the report of the Remuneration Committee on pages 17 to 22 and forms part of these financial statements.

7. EMPLOYEE INFORMATION

	2004 Number	2003 Number
The average number of persons employed by the Group, including executive directors, during the year was:		
Senior management	11	10
Sales and marketing	53	56
Publishing	11	33
Internet	7	6
Finance and administration	19	26
	101	131

	2004 £000's	2003 £000's
Employment costs of all of the employees included above were:		
Wages and salaries	4,223	4,766
Social security costs	845	1,158
Health care	92	49
	5,160	5,973

Included in wages and salaries above is £nil (2003: £562,000) which has been included in the loss on sale of discontinued activities as redundancy payments.

8. INTEREST RECEIVABLE

	2004 £000's	2003 £000's
Bank interest receivable	5	150

9. INTEREST PAYABLE

	2004 £000's	2003 £000's
On bank loans and overdrafts	436	647
On loan notes	–	116
Interest on deferred consideration	3	5
	439	768

10. TAXATION

	2004 £000's	2003 £000's
Current tax		
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
Deferred tax		
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)
Effects of:		
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
Current tax charge for the period	466	501

Deferred tax asset	2004 £000's	2003 £000's
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)	–
	431	622

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.

11. DIVIDENDS

	2004 £000's	2003 £000's
Equity – Ordinary		
Final proposed: 2.5p/2.2p per share	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.

12. EARNINGS/(LOSS) PER SHARE

	2004		2003	
	£000's	Per share	£000's	Per share
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	7.3 p
Amortisation - joint ventures	9	0.1p	60	0.1 p
Loss on sale of discontinued activities	–	–	518	1.3 p
Adjusted earnings per share	2,327	5.0p	1,611	4.0 p

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

	Earnings £000's	2004 Weighted average number of shares	Earnings per share p	(Loss)/ earnings £000's	2003 Weighted average number of shares	(Loss)/ earnings per share p
Basic EPS	1,178	46,887,267	2.5	(1,893)	40,357,925	(4.7)
Dilutive effect of:						
Options		1,110,857	–		807,964	–*
Diluted EPS	1,178	47,998,124	2.5	(1,893)	41,165,889	(4.7)
Basic EPS	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
Adjusted EPS	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.

13. INTANGIBLE FIXED ASSETS

	Trade marks £000's	Goodwill £000's	Total £000's
GROUP			
Cost:			
At 1 January 2004	–	51,045	51,045
Purchased in year	214	2,761	2,975
Transferred from joint ventures investment	–	3,323	3,323
Foreign exchange adjustments	–	(436)	(436)
Adjustments to deferred consideration	–	(77)	(77)
At 31 December 2004	214	56,616	56,830
Amortisation:			
At 1 January 2004	–	36,036	36,036
Amortisation charge for year (note 3)	4	1,136	1,140
Transferred from joint ventures investment	–	2,138	2,138
At 31 December 2004	4	39,310	39,314
Net book values:-			
31 December 2004	210	17,306	17,516
31 December 2003	–	15,009	15,009

Details of significant acquisitions in the year are provided in note 4.

14. TANGIBLE FIXED ASSETS

COMPANY	Computer equipment £000's	Fixtures & fittings £000's	Total £000's
Cost:			
At 1 January 2004	762	252	1,014
Additions	51	13	64
On acquisition	–	1	1
Foreign exchange differences	(5)	(4)	(9)
At 31 December 2004	808	262	1,070
Depreciation:			
At 1 January 2004	595	183	778
Charge for year	107	43	150
Foreign exchange differences	(3)	(2)	(5)
At 31 December 2004	699	224	923
Net book values:			
At 31 December 2004	109	38	147
At 31 December 2003	167	69	236

COMPANY	Computer equipment £000's	Fixtures & fittings £000's	Total £000's
Cost:			
At 1 January 2004	5	9	14
Additions	4	–	4
At 31 December 2004	9	9	18
Depreciation:			
At 1 January 2004	–	8	8
Charge for year	3	1	4
At 31 December 2004	3	9	12
Net book values:			
At 31 December 2004	6	–	6
At 31 December 2003	5	1	6

15. FIXED ASSET INVESTMENTS

	Group Other investments £000's	Shares in subsidiary undertakings £000's	Company Other investments £000's	Total £000's
Cost:				
At 1 January 2004	–	26,266	–	26,266
Additions	491	64,042	491	64,533
Transferred to subsidiary undertakings	–	(40,837)	–	(40,837)
At 31 December 2004	491	49,471	491	49,962
Impairment:				
At 1 January 2004	–	17,655	–	17,655
Transferred to subsidiary undertakings	–	(17,655)	–	(17,655)
At 31 December 2004	–	–	–	–
Net book value:				
At 31 December 2004	491	49,471	491	49,962
At 31 December 2003	–	8,611	–	8,611

The subsidiary undertakings are listed in note 28.

16. INTEREST IN JOINT VENTURES

	Goodwill £000's	Share of net assets £000's	Total £000's
At 1 January 2004	1,351	453	1,804
Transferred to goodwill	(1,185)	–	(1,185)
Share of net assets consolidated	–	(488)	(488)
Share of retained profit	–	81	81
Amortisation	(9)	–	(9)
Exchange adjustments	–	2	2
At 31 December 2004	157	48	205
Other investments (note 15)			491
Total investments			696

The joint venture interests are listed in note 28.

17. DEBTORS

	Group		Company	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Trade debtors	4,083	4,179	–	–
Prepaid event costs	715	657	–	–
Amounts due from subsidiary undertakings	–	–	302	29,641
Deferred taxation	431	622	–	–
Prepaid taxes	–	79	–	–
Other taxation	–	16	–	–
Other debtors	490	879	185	128
Prepayments and accrued income	159	73	32	9
	5,878	6,505	519	29,778

Included in Other debtors is an amount of £133,000 (2003: £133,000) relating to the deferred consideration on the disposal of Exhibition Bulletin, receivable in January 2005.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Bank loans	1,614	6,674	885	3,913
Trade creditors	1,254	2,002	29	9
Amounts due to subsidiary undertakings	–	–	7,864	2,870
Corporation tax	260	67	–	–
Other taxes and social security	3,217	2,914	19	19
Other creditors	302	705	–	–
Accruals	1,099	1,450	423	249
Deferred income	6,128	4,340	–	–
Deferred consideration	176	245	40	213
Dividends payable	1,236	983	1,236	983
	15,286	19,380	10,496	8,256

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Creditors falling due between one and two years				
Deferred income	–	747	–	–
Deferred consideration	675	100	40	100
Bank loans	3,056	2,000	1,500	–
	3,731	2,847	1,540	100
Creditors falling due between two and five years				
Bank loans	4,100	5,600	4,100	–
	4,100	5,600	4,100	–
Total creditors	7,831	8,447	5,640	100

The Group has two facilities. The largest is a multi-currency facility drawn down in full in US dollars and bears an interest rate of 3.27%. The second is a US dollar facility drawn down in part which bears an interest rate of 3.75%.

The loans are secured as part of the Group's overall facilities over certain of the Group's assets. The first facility expires on 31 December 2007 and is repayable in instalments on 30 June and 31 December each year up to the expiry date. The second expires on 31 March 2006, and is repayable in varying amounts to the expiry date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2004 £000's	2003 £000's	2004 £000's	2003 £000's
Restructuring/redundancy provisions				
At 1 January	558	1,199	–	16
Charged to profit and loss account	82	421	–	
Paid/utilised in year	(418)	(1,062)	–	(16)
	222	558	–	–
Litigation provision				
At 1 January	89	124	–	62
Paid/utilised in year	(89)	(35)	–	(62)
	–	89	–	–
Tax provision				
At 1 January	251	67	184	–
Charged/(credited) to profit and loss account	32	184	(184)	184
	283	251	–	184
Total provisions at 31 December	505	898	–	184

21. CALLED UP SHARE CAPITAL

Group and Company	2004		2003	
	Number 000's	£000's	Number 000's	£000's
Authorised:				
Ordinary shares of 5p each	80,000	4,000	60,000	3,000
Allotted, called up and fully paid:				
At 1 January	44,694	2,235	37,822	1,891
Scrip dividend	265	13	2,809	141
Placing	4,496	225	4,063	203
At 31 December	49,455	2,473	44,694	2,235

The value of options exercised in 2004 totalled £nil (2003: £nil).
The value of the scrip dividend taken in 2004 totalled £256,000 (2003: £534,000).
The value of the shares issued in the Placing totalled £3,912,000 before issue expenses (2003: £2,072,000).

The following options remain outstanding as at 31 December 2004 and are exercisable during the periods referred to below.

Year of grant	Exercise price (pence)	Exercise period	Numbers
1998	38	2001–2008	1,535,558
1999	62	2002–2009	52,650
1999	76	2002–2009	68,445
1999	163	2002–2009	10,530
1999	185	2002–2009	6,318
2000	423	2003–2010	12,109
2000	350	2003–2010	88,850
2001	170	2004–2011	80,000
2001	120	2004–2011	77,749
2002	44.5	2005–2012	305,000
2003	19.0	2006–2013	300,000
2003	54.0	2006–2013	395,000
2004	95.5	2007–2014	610,000
2004	97.5	2007–2014	400,000
2004	97.5	2007–2014	400,000
2004	93.0	2007–2014	95,000
2004	114.5	2007–2014	20,000

In 2004 nil options were exercised and 109,738 options lapsed.

22. RESERVES

	Share premium account £000's	Other reserves £000's	Profit & loss account £000's
GROUP			
At 1 January 2004	25,610	(443)	(30,043)
Premium on shares issued	3,794	–	–
Exchange adjustments	–	–	176
Retained loss for the year	–	–	(58)
At 31 December 2004	29,404	(443)	(29,925)
COMPANY			
At 1 January 2004	25,610	(443)	3,415
Premium on shares issued	3,794	–	–
Exchange adjustments	–	–	(226)
Retained loss for the year	–	–	(168)
At 31 December 2004	29,404	(443)	3,021

23. OPERATING LEASE COMMITMENTS

The Group has annual lease agreements in respect of properties and office equipment, for which the payments extend over a number of years.

At 31 December 2004	**Property £000's**	**Office Equipment £000's**	**2004 Total £000's**
Within one year	227	21	248
Within two to five years	54	15	69
	281	36	317

At 31 December 2003	**Property £000's**	**Office Equipment £000's**	**2003 Total £000's**
Within one year	3	21	24
Within two to five years	321	74	395
	324	95	419

24. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, debtors and creditors falling due within one year and deferred consideration and loan notes payable after more than one year. These financial assets and liabilities arise directly from the Group's operations. The related risks are discussed below. With the exception of the currency analysis of new assets, all debtors and creditors falling due within one year, other than the bank loans and overdraft have been excluded from the following disclosures.

Currency risk management

The Group is exposed to movements in foreign currency exchange rates as follows:

78% of the Group's sales over the last two years have been denominated in foreign currencies. The average percentage over two years is disclosed as the Group earns a material portion of its revenue from biennial exhibitions. In 2004 91% of the Group's sales were made in currencies other than sterling (2003: 66%).

There were no hedging contracts in place at 31 December 2004.

A natural hedge exists on the deferred consideration payments denominated in foreign currencies as these consideration payments are tied to the profits of the foreign operations. Profits of the Group are analysed by geographical segment in Note 1.

The sole currency risk exposure is held in the UK and amounts to €1,776,000 and $891,000 (2003: €1,005,367 and $234,824). This currency risk exposure relates to debtor balances from Labelexpo exhibitions in Europe and Asia.

At 31 December 2004

Interest rate risk profile of financial liabilities

	Non interest Bearing £000's	Variable interest rate £000's	Fixed interest rate £000's	Total 2004 £000's	Total 2003 £000's
Sterling					
Deferred consideration	40	–	–	40	100
	40	–	–	40	100
US Dollars					
$12.5 million loan	–	–	6,485	6,485	3,913
$4.4 million loan	–	2,285	–	2,285	559
	–	2,285	6,485	8,770	4,472
Other European currencies					
Deferred consideration	635	–	–	635	–
€13.9 million loan	–	–	–	–	9,802
	635	–	–	635	9,802
	675	2,285	6,485	9,445	14,374

The fixed interest rate loan became a floating interest rate loan on 1 February 2005.

		Fixed rate Financial liabilities	Financial liabilities for which no interest is paid
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average period until maturity
Currency	%	Years	Years
Sterling (£)	–	–	1.33
US Dollars ($)	3.27	0.08	–
Other European currencies	–	–	1.50

Interest rate risk profile of financial assets

	2004 £000's	2003 £000's
Sterling cash at bank	258	411
US Dollars	301	1,540
Other European currencies	350	594
	909	2,545
Floating rate	909	1,986
Fixed rate	–	559
	909	2,545

Floating rate cash earns interest based on LIBOR rates.

Maturity of financial liabilities

The maturity profile of the carrying amounts of the group's financial liabilities was as follows:

	2004 £000's	2003 £000's
Less than one year		
Bank loans	1,614	6,674
One to two years		
Deferred consideration	675	100
Bank loans	3,056	2,000
	3,731	2,100
Two to five years		
Bank loans	4,100	5,600
	9,445	14,374

Borrowing facilities

The Group has undrawn committed borrowing facilities at 31 December 2004 of £3,423,000 (2003: £2,985,000). The total net bank facility available at 31 December 2004 from the Group's principal bankers is £12,194,000 (2003: £17,259,000).

Fair value of financial instruments used for risk management

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. Book values are the amounts recorded in the balance sheet.

There is no material difference between the fair values of financial instruments listed below and the values at which they are recorded in the balance sheet at 31 December 2004 and 31 December 2003.

	2004 Book and fair value £000's	2003 Book and fair value £000's
Primary financial instruments held to finance the Group's operations		
Cash at bank	909	2,545
Financial liabilities	(9,445)	(14,374)

25. CAPITAL AND OTHER FINANCIAL COMMITMENTS

Other than those items included in the Balance Sheet there were no material capital and other financial commitments in place at the year end. Further, there was no authorised but not contracted for capital expenditure at the year end.

26. RELATED PARTY TRANSACTIONS

Agreement with William Jage relating to the Off-Price Home Goods Show

By an agreement dated 10 May 2004 and made between the Company and Bill Jage (who is Chairman of Off-Price Specialist Center, Inc ("OPSC"), a subsidiary of the Company) Bill Jage agreed on behalf of Cedar Trees Management LLC ("Cedar") a company owned by him, that Cedar would organise the Home Goods Show under a licence from OPSC of the Off-Price trade mark and trade names. Under the licence agreement OPSC receives 70% of the net pre-tax profits of the show, less US$50,000. Tarsus has a call option, exercisable at any time, to purchase the entire equity share capital of Cedar (which owns the intellectual property rights to the show) for a consideration equal to 1.41 times the net pre-tax profits of the Home Goods Show in calendar year 2006.

Assuming the option is exercised before 31 December 2006, Cedar will also be paid, by way of additional consideration, 30% of the after-tax profits of any edition of the Home Goods Show held in 2004, 2005 and 2006 plus US$50,000 per annum.

There will be deducted from the consideration an amount equal to any working capital loan outstanding from Cedar to Tarsus at the date the call option is exercised.

A key element of the transaction is that Bill Jage provides a non-competition covenant in relation to his activities in the Off-Price apparel market, the home goods market and certain other market sectors.

Included within other debtors is £101,000 (2003: £nil) owed by Cedar.

Bernard Becker Consultancy Agreement

One of the directors, Bernard Becker, has a consultancy agreement with the Group under which he is paid a fee in connection with any work on acquisitions or disposals. During the year he was paid £50,000 in connection with the disposal of the French magazine division in December 2003.

27. CONTINGENT LIABILITIES

The Company has no contingent liabilities.

28. INTEREST IN SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

The Company is the holding company of the Group. The subsidiaries and joint ventures of the Company, all of which are included in the consolidated accounts of the Group, are set out below.

Name	Effective Date of acquisition or incorporation	Group Holding and Voting Rights Per Cent Ordinary shares	Country of Registration and Operation
Tarsus Exhibitions & Publishing Limited	25 June 1998	100	England
Tarsus New Media Limited	25 June 1998	100	England
Tarsus Publishing Limited	25 June 1998	100	England
Tarsus Holdings Limited	17 March 1998	100	England
Tarsus Investments Limited	16 March 1998	100	England
Tarsus Overseas Limited	20 November 1998	100	England
Tarsus Martex (an unlimited company)	28 February 2000	100	England
Tarsus Organex Limited	13 December 1999	100	England
Tarsus Touchstone Limited	6 December 1999	100	England
Tarsus US Limited	8 October 2004	100	England
Tarsus America Limited	30 September 2004	100	England
Tarsus US Holdings, Inc.	5 October 2004	100	United States
Tarsus Partners	25 June 1998	100	United States
Tarsus Expositions Inc	25 June 1998	100	United States
Tarsus Publishing Inc	25 June 1998	100	United States
Tarsus Spacifically Inc	31 December 2001	100	United States
Off-Price Specialists Center, Inc	19 October 1999	100	United States
Tarsus GEP Inc	17 April 2001	100	United States
Tarsus Groupe MM SA	22 May 2000	100	France
EFTA sarl	22 May 2000	100	France
MD Management sas	7 October 2002	50	France
E Marketing sarl	22 May 2000	100	France
Tarsus Nederland BV	2 July 1998	100	Netherlands

Interests in the US subsidiaries are all held through Tarsus Partners. Tarsus Groupe MM, which holds all the French subsidiaries is held through the French branch of Tarsus Exhibitions & Publishing Limited. Tarsus Nederland BV is held through Tarsus Holdings Limited, a subsidiary of Tarsus US Limited. Tarsus New Media Limited is held through Tarsus Exhibitions & Publishing Limited. Tarsus America Limited (which is owned by the Company) owns Tarsus Martex, Tarsus Investments Limited, Tarsus US Holdings Inc. (which owns Tarsus US Limited), Tarsus Overseas Limited, Tarsus Touchstone Limited and Tarsus Exhibitions & Publishing Limited. Except as indicated otherwise, the Company directly owns each of the subsidiaries of the Company listed above.

The Group's 19.9% interest in TSNN is now being accounted for as a fixed asset investment.

All the subsidiaries have been included in Group accounts.

The registered office of all of the subsidiaries registered and operating in England is Commonwealth House, 2 Chalk Hill Road, London W6 8DW.

The registered office of all the subsidiaries registered and operating in France is 31-35 Rue Gambetta, 92150 Suresnes, Paris, France.

The registered office of Tarsus Nederland BV is c/o First Alliance Trust, Herengracht 466, 1017 CA, Amsterdam, The Netherlands.

The business office of the Tarsus Partners partnership is c/o Cook & Franke, 660, East Mason Street, Milwaukee, Wisconsin 53202, USA.

The trading office of Tarsus Expositions Inc. (which was incorporated in the state of Ohio), Tarsus Publishing Inc. (which was incorporated in the state of South Carolina) and the trading office of The Off-Price Specialist Centre, Inc. (which was incorporated in the state of Nevada) is at 16985 W. Bluemound Road, Brookfield, Wisconsin 53005, USA.

The principal activity of all of the above undertakings is the promotion, organisation and management of exhibitions and conferences, together with related publications and new media products.

All undertakings acquired during the year have been accounted for as acquisitions from the date of acquisition.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the nineteenth Annual General Meeting of the members of Tarsus Group plc ("the Company") will be held at the offices of the Company at Third Floor, Commonwealth House, 2 Chalk Hill Road, London W6 8DW on 15 April, 2005 at 10.00 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the directors' report and audited financial statements for the year ended 31 December 2004.
2. To approve the payment of a dividend of 2.5p per share on the ordinary shares in the capital of the Company payable on 22 April 2005 to those shareholders on the Register of Members as at the close of business on 11 March 2005.
3. To elect R Pellow as a director.
4. To re-elect J D Emslie as a director.
5. To re-elect R T E Ware as a director.
6. To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the directors to determine their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, in the case of Resolutions 7, 8, and 11 as Ordinary Resolutions and in the case of Resolutions 9 and 10 as Special Resolutions:

7. THAT the total fees payable to the non-executive directors of the Company be fixed at an aggregate maximum of £100,000 per annum.

8. THAT

(A) the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ('the Act') to exercise all or any powers of the Company to allot relevant securities (as defined in that section) to such persons, at such times and on such terms as they think proper up to a maximum nominal amount of £824,529 during the period ('the period of authority') from the date of the passing of this Resolution until the earlier of:

(i) fifteen months from the date of the passing of this Resolution; and

(ii) the conclusion of the Annual General Meeting of the Company held to approve the report and accounts of the Company for the financial year of the Company ending on 31 December 2004 on which date such authority will expire unless previously varied, revoked or renewed by the Company in general meeting (save that during the period of authority the Directors shall be entitled to make an offer or agreement which would or might require relevant securities to be allotted in pursuance of such an offer or agreement after the expiry of the period of authority and may allot such relevant securities in pursuance of such an offer or agreement as if the authority conferred by this Resolution had not expired); and

(B) the authority to allot given to the Directors by this Resolution be in substitution for any and all authorities previously conferred upon the Directors for the purposes of Section 80 of the Act, without prejudice to any allotments made pursuant to the terms of such authorities.

9. THAT conditionally on the passing of the Resolution numbered 8 above and in substitution for all existing powers, the Directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority conferred by the Resolution numbered 8 above as if Section 89(1) of the Act did not apply to such allotment, such power to expire (unless previously varied, revoked or renewed by the Company in general meeting) at the earlier of fifteen months from the date of passing of this Resolution and the conclusion of the Annual General Meeting of the Company held to approve the report and accounts of the Company for the financial year of the Company ending on 31 December 2004 (save that the Directors shall be entitled before such expiry to make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such an offer or agreement, as if the power conferred by this Resolution had not expired) and to be limited to:

(i) the allotment of equity securities for cash in connection with or pursuant to an issue or offer by way of rights, open offer or otherwise in favour of the holders of equity securities where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be) to the respective number of equity securities held by them on the record date for such allotment, subject only to such exceptions, exclusions or other arrangements which are in the opinion of the Directors necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory, or the requirements of any recognised regulatory body or any other stock exchange or otherwise in any territory; and

(ii) the allotment (otherwise than as referred to in sub-paragraph (i) above) of equity securities for cash up to an aggregate nominal amount of £123,679.

10. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Act to make market purchases (as defined in section 163 of the Act) of ordinary shares of 5p each in the capital of the Company ("ordinary shares") provided that:

(i) the maximum number of ordinary shares hereby authorised to be purchased is 4,947,178;

(ii) the minimum price which may be paid for any such share is 5p;

(iii) the maximum price (exclusive of expenses) which may be paid for any such shares for so long as the shares of the Company are dealt on the London Stock Exchange shall be 5% above the average of the middle market quotations for an ordinary share of the Company taken from the London Stock Exchange Daily Official List for the 5 business days immediately before the day on which the purchase is contracted to take place;

(iv) the authority hereby conferred shall (unless previously renewed or revoked) expire at the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is fifteen months after the date on which this resolution is passed; and

(v) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

11. THAT the directors' remuneration report set out on pages 17 to 22 of the report be and is hereby approved.

By order of the Board

P F C Begg
Company Secretary
28 February 2005

Notes

1. The Company, pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 10.00am on 13 April 2005 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the right of any person to attend or vote at the Annual General Meeting.

2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, and on a poll, vote instead of him.

3. A proxy need not also be a member.

4. A proxy form is enclosed with this notice. Instructions for use are shown on the form. To be valid the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified or office copy of such power or authority, should reach the offices of the Registrars of the Company, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR at least 48 hours before the time appointed for holding the meeting or any adjournment thereof.

5. Return of a completed form of proxy will not preclude a member from attending and voting personally at the meeting.

6. Copies of the directors' service contracts, the Articles of Association and the Register of Directors' Interests will be available for inspection at the registered office of the Company during normal business hours from the date of despatch of this notice up to the date of and during the Annual General Meeting, and at the place of the meeting from 10.30 am until the close of the meeting.

7. The levels of proxy votes received in respect of each resolution will be disclosed at the Annual General Meeting.