Contents

Financial Information

	2004 £'000s	2003 £'000s
Turnover		
Print	13,698	18,062
Internet	5,474	4,751
Events	4,112	1,134
Other	667	762
Total	**23,951**	**24,709**
Adjusted operating profit/(loss)	**72**	**(221)**
Property provision	(340)	(682)
Redundancy costs	(677)	-
Impairment of intangible assets	(500)	-
Operating loss	**(1,445)**	
Finance charges net	(37)	(263)
Loss before taxation	**(1,482)**	**(1,166)**
Operating cash inflow	2,199	3,080
Net Debt	341	1,859
Expressed as % of shareholders' funds	3.8%	17.2%

Operating highlights

- Return to adjusted[1] operating profit on reduced turnover
- Operating loss £1.45m
- Net debt reduced to £0.34m
- Strong growth in Events and Internet businesses
- Continued rationalisation of print operations

[1] Adjusted operating profit is defined as operating profit before exceptional items (see note 5 to the financial statements.)

Board of directors





From left to right:

Directors

Steve Nicholson[3]
Executive Chairman
Mr Nicholson has wide experience in change management and growing businesses, through a broad exposure to business & consumer markets with responsibilities spanning retail, finance, media, communications and technology markets and with wide international experience covering Asia, Europe, USA and Canada. Aged 48.

Derek Watson
Group Finance Director and Company Secretary
Mr Watson was a partner with KPMG until 1989 and has held a number of senior financial positions prior to joining the board in March 1997. Aged 54.

Christopher Haines [1,2,3]
Senior Non-Executive Director
Mr Haines joined the board in October 1996 and was until December 2001 executive chairman. He was previously chief executive of the Jockey Club. Aged 65.

Panton Corbett [1,2]
Non-Executive Director
Mr Corbett is a non-executive director of Haynes Publishing Group plc, South Staffordshire Group plc and Tex Holdings plc. Until March 1998 he was chairman of the Alternative Investment Market of the London Stock Exchange and was a director of Singer & Friedlander Limited from 1974 to 1998. He joined the board in June 1995. Aged 66.

Stephen Davidson [1,2,3]
Non-Executive Director
Mr Davidson has extensive experience in banking, media and telecommunications. He is a director of The Wireless Group Plc and was previously vice-chairman of investment banking and global head of technology, media and telecommunications at WestLB Panmure. He is a former chief executive of Telewest Communications Plc and chairman of sports and entertainment group ENIC plc. Aged 48.

[1] member of the Audit Committee
[2] member of the Remuneration Committee
[3] member of the Nominations Committee

Advisers

Brokers and financial advisers
Rowan Dartington & Co

Solicitors
Olswang

Remuneration consultants
New Bridge Street

Auditors
Deloitte & Touche LLP

Principal bankers
Lloyds TSB Bank plc

Registrars
Capita IRG plc

Corporate information

Head Office and Registered Office	55 North Wharf Road London W2 1LA
Website	www.spgmedia.com
Company Registration No.	1309004
Key Events	
Year End	31 March
Preliminary announcement	15 June
Annual General Meeting	30 July
Interim announcement	November

SPG is an international business to business media company providing world-class business publications, internet reference portals, business conferences and executive management forums

In 2003

Over one million executives read our publications

Over ten million people visited our websites

Thousands attended our conferences and business forums

We are building an extensive information repository detailing the interests and requirements of the top 500,000 senior executives and decision-makers in our targeted markets – and, crucially, to protect the integrity of our relationships and the data we are collecting, we will not sell these details.

Our expertise and skills are industry-based, with highly skilled teams working with industry leaders and professional bodies to present relevant and factual information of interest to our targeted customers.

SPG Sectors

Healthcare, Medical & Life Sciences

Our biggest single source of revenues, with a strong portfolio of products designed to meet the interests and requirements of scientists, physicians, researchers and patients.

We offer an array of market-leading and rapidly expanding publications, internet reference portals and specialist conferences, providing the latest information on new medical techniques, developments and technology.

Business, Management & Finance

Our products provide thought-provoking commentary for C-level executives across the world – we believe that today's leading executives are responsive to stimulating editorial content – acting as a catalyst for innovation, development and awareness.

Supported by a diverse team of industry specialists, sales growth has been substantial, with plans for further expansion in 2005.

Hospitality & Construction

Hotel and construction products dominate this sector, with our executive management forums rapidly establishing market-leading positions.

Hotel Management International is in its tenth year and growing strongly, while LEAF (The Leading European Architects Forum) is already established in only its second year as a market leader, with the industry demanding a dedicated European awards ceremony.

Leading brands & products

- World Pharmaceutical Frontiers
- You & Your Health
- www.hospitalmanagement.net
- Clinical Trial Supply USA

- Global People Strategy Forum
- European Financial Services Outsourcing India Forum
- Finance Director Europe
- USA & Europe in Business

- Leading European Architects Forum
- European Hotel Operations Forum
- Intelligent Build and Design Innovations
- Hotel Management International

One of the world's leading media publishers to business communities

Our mission is to build a world-class media company ever responsive to market conditions and customer requirements. Our goal is to provide senior executives, key decision makers and targeted business communities with information and services that directly impact the performance and success of their businesses.

Transportation & Defence

Massive growth opportunities exist as we begin to grasp the scale of investment in transport systems and the need for effective defence systems and infrastructure.

Catering to the demand for accurate information and reference materials, we offer a huge internet portfolio of rapidly growing products.

- Defence Systems International
- The Rail Report
- Forum for European Rail Operators
- www.army-technology.com
- Future Airport

Manufacturing Process & Production Technologies

Our understanding of geographic economic developments and technological advances underpins our ability to present provocative and informative publications and internet-based services. Expansion opportunities are significant based on current market demand.

- Packaging & Converting Intelligence
- www.packaging-technology.com
- Food Processing Intelligence
- www.foodprocessing-technology.com

Energy, Chemicals & Utilities

We provide a global audience with the facts, figures and information to retain perspective, consider investment and develop market-leading services.

We have witnessed tremendous interest in our internet services and plan to further extend our conferences and events in 2005.

- World Hydrocarbon
- The Exploration & Production Forum
- European Power Symposium
- www.power-technology.com

Technology, Media & Telecommunications

Like most media organisations, we have significantly reduced our exposure to IT-based products, although we can happily confirm that demand is continuing to rise, with our research predicting substantial growth over the next 12 to 18 months.

- IT Decisions Europe
- Global Semiconductor Forum
- European Banking Forum
- European Digital Infrastructure Forum
- www.semiconductor-technology.com

Chairman's Statement

"The Company has been refocused, aligned to specific markets and integrated into one trading entity, SPG Media."

S P Nicholson, Chairman

This is my first opportunity to formally communicate with all of our shareholders and to confirm the Company made substantial progress in 2003 and that I am now confident we have the right strategy, structure and focus to ensure the Group returns to sustained profitability.

We undertook a fundamental review of the Group's operations in the third quarter of 2003 concluding that the underlying assets of the business provided significant scope for growth and development, albeit the operational infrastructure required investment to realise this potential.

The Company has been refocused, aligned to specific markets and integrated into one trading entity, SPG Media.

Operating costs have been substantially reduced returning the Company to an adjusted operating profit.

New management has been recruited to invigorate and drive the development and performance of the core operations.

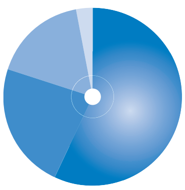
Duplicate products have been removed and investments made to develop brand-based products targeted at specific international audiences.

We have rapidly transitioned the ethos of the Company from being product to market based with clear signs that the initiatives are well received by our customers.

Whilst our ability to impact the 2003/4 results were limited and much has still to be achieved I believe we are laying the foundations for a prosperous and profitable future.

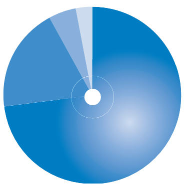
Despite challenging market conditions in 2003, I am pleased to report that the Group made an adjusted operating profit before

Revenue breakdown by media



2004	
Print	57%
Internet	23%
Events	17%
Other	3%

2003	
Print	73%
Internet	19%
Events	5%
Other	3%



Print
Internet
Events
Other

The refocusing of the print business has led to the successful launch of new publications, as well as the rebranding of many existing titles

Print figures

	2004	**2003**
No of titles	43	54
No of issues	60	71
	£m	£m
Revenues	13.7	18.1

exceptional items of £0.07m (2003: loss £0.22m) on reduced turnover of £24.0m (2003: £24.7m). Restructuring and non-recurring costs of £1.0m have been absorbed into the 2003/4 results together with an impairment charge of £0.5m after a review of the carried value of our intangibles.

In print, average revenues per publication were marginally down, though I am pleased to confirm that the Group maintained its page yield premium. Our Internet offer continues to grow with the benefit of higher than anticipated repeat rates from our advertisers. The events business has experienced strong growth, which has been reinforced by a full year contribution following our acquisition of Vision in Business.

The board of directors believes it prudent not to propose a dividend for 2003/4 but does intend to return to pay dividends when it is considered appropriate.

Revenues	**2004**	**2003**
	£m	£m
Print	13.7	18.1
Internet	5.5	4.8
Events	4.1	1.1
Other	0.7	0.7
	24.0	24.7
Cost of sales	(13.0)	(13.1)
Gross profit	11.0	11.6
GP Margin	*45.8%*	*46.8%*
Distribution	(0.9)	(0.9)
Administrative expenses	(10.0)	(10.9)
Adjusted trading profit	0.1	(0.2)
Restructuring	(0.7)	–
Property provision	(0.3)	(0.7)
Impairment	(0.5)	–
Operating loss	(1.4)	(0.9)
Net debt	0.3	1.9

Operational review

Print

The publishing interests of the Group historically traded under three competing publishing brands, Sterling, Cornhill and Quasar. These operations have been fully integrated into one core print publishing business with the benefit of reduced administration costs, clear market focus and stronger industry relationships.

The restructuring of these businesses creates a strong foundation for profitable growth and the development of new revenue streams and channels to market.

SPG Media distributed 60 publications (2003:71) to over 650,000 key decision makers worldwide.

Business to business advertising remained challenging throughout 2003 with average revenues per publication marginally down on 2002.

The Group maintained its page yield premium comparative to the industry average whilst holding its print and distribution costs.

Internet

The Company undertook a fundamental review of its Internet operations starting the process of redesigning the core functionality, look, feel and service deliverables, all of which will start to benefit the business in 2004/5.

The business showed strong underlying growth with our established web sites benefiting from higher than anticipated repeat advertisers.

The Company has 22 Internet portals aimed primarily at project engineers. The sites provide accurate and relevant information about industry developments, manufacturers and suppliers.

We have strengthened the Internet management team appointing the ex R&D director of Alta Vista to drive the development of our technical expertise and levels of service.

In addition we opened offices in Hyderabad, India, in September 2003, to build offshore capabilities that reduce operational overheads whilst providing a conduit to servicing local Asian markets. The business is building Internet competencies, is already cash generative and successfully selling Internet based services in Asia.

Events

The Company successfully expanded its executive management forums from three events in 2002/03 to eight events in 2003/04 contributing £2.1m revenues.

The management and operational team was strengthened to facilitate the rapid integration of Vision in Business, a specialist conferencing and events business acquired in March 2003.

The combined operations delivered in excess of £4 million revenues in 2003/4 with plans to further extend services across the Group's core markets creating substantial organic growth opportunities in 2004/5 and beyond.

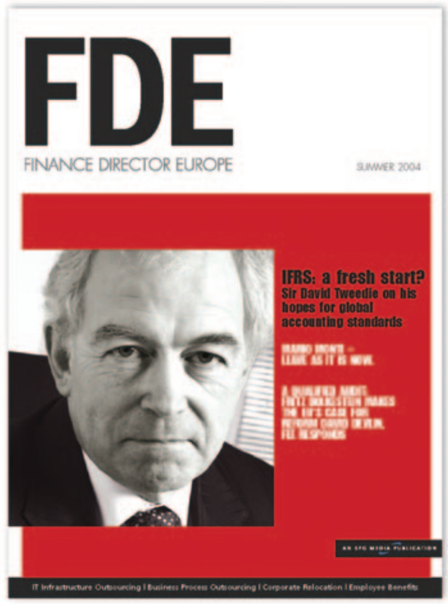
Financial review

Accounting Policies

The Group accounts include the consolidated results of SPG Media Group plc and its subsidiaries. Accounting policies have been applied consistently, year on year, across all companies in the Group.

Profit and Loss Account

Group turnover declined 3% year on year with the reduction in print advertising revenues largely offset by increased Internet and event sales.



"The events business has experienced strong growth, which has been reinforced by a full year contribution following our acquisition of Vision in Business."

Gross margins for the year were 45.8% (2003: 46.8%) reflecting the changing business mix and investments in product development.

We reported an adjusted operating profit before exceptional items of £72,000 against a loss last year of £(221,000).

Exceptional items comprised redundancy payments of £667,000 (which included compensation for loss of office to directors of £479,000), an additional provision against non-operational properties of £340,000 and an impairment charge in respect of Debrett's of £500,000. In the prior year exceptional items of £682,000 related solely to a provision against non-operational properties.

After exceptional items we reported an operating loss of £1,445,000 (2003: loss of £903,000).

Bank interest payable was £44,000 (2003: £89,000) as a result of reduced borrowings.

Acquisitions
We negotiated an early settlement of the Vision in Business acquisition in December 2003 resulting in a final purchase cost reduced by £525,000 to £557,000. With the constraints of the earn-out removed we were able to integrate the conference and executive management forums activities.

Cash Flow and Funding
The growth of the events business, which is cash positive, had a beneficial effect on working capital, as debtors were further reduced year on year. The year saw capital expenditure of £0.5m compared to the charge for depreciation of £1.1m.

The reduction in debtors was less dramatic than last year and as a result

Internet operations have shown strong growth, with new offices opening in Asia

Internet figures

	2004	2003
No of sites	22	22
No of Advertisers	2901	2862
No of average daily user Sessions	76,671	57,181
	£m	£m
Revenues	5.5	4.8

operating cash flow was £2.2m (2003: £3.1m) with net debt at the year-end reduced to £0.3m from £1.9m.

Future developments

Market Conditions

Predicting market condition and their outlook is not for the faint hearted, as more informed and distinguished analysts will confirm!

USA economic and commercial confidence feeds the world and that confidence seems to be returning. Asia is buoyant, albeit partially eclipsed by the strong growth in India and China. Europe, however, remains challenging with both Germany & France wrestling with domestic issues and the enlarged EU changing the overall economic landscape.

The industry has just witnessed one of the most challenging commercial environments of the past twenty years with numerous marketing, media and publishing organisations struggling to survive or ceasing to trade.

Business to business marketing expenditure is typically cyclical and reflective of market sentiment and economic confidence, but there are clear signs that commercial confidence is returning with general industry inventories and order books stronger on a comparative year-by-year basis.

We do however have a far more discerning marketeer intent on ensuring every marketing dollar delivers a tangible return.

Some of the many challenges facing the media industry are to recognise changing market conditions, to understand and embrace customer requirements, build market expertise and industry relationships innovatively responding to customer and market demand.

There is a general swing away from above to below the line marketing, which predominantly seeks to communicate with targeted individuals as opposed to broad demographic based audiences.

I am delighted to confirm SPG Media is ideally placed to respond quickly and effectively to these changes in market sentiment.

Strategy & Developments

The focus and orientation of SPG is structured around building an international market leading media business skilled and competent at providing our customers with solutions and services that deliver tangible and measurable commercial results.

This will be achieved through building on our extensive publishing, electronic and Internet communication skills plus professionally exploiting the industry relationships being formed through our conferences and executive management forums.

SPG Media is actively investing in building:

- Data assets detailing the interests and requirements of the key 500,000 decision makers in our identified markets.
- A differentiated and customer centric industry search engine service planned for launch in 2005.
- Centres of commercial excellence revered for their customer service, market intelligence and service expertise.
- Dedicated lines of business designed to build and leverage established industry relationships.
- Internationally located operations dedicated to servicing local geographic communities.

Outlook

The Company has stabilised margins, building a strong platform to develop a world-class media business over the next 3 to 5 years. The business will capitalise on current opportunities, will strengthen its offer with the launch of new products and be a key participant in industry consolidation.

SPG is financially sound and increasingly cash generative due to the growth in our conferences and executive management operations.

The investments recently made in restructuring and building competency creates the foundation for strong growth and profitability.

The medium term outlook is favourable based on current market conditions, but due to the volatility of the market in recent years the board feels it would be prudent to resist forecasting anticipated performance in the short term.

Trading from January through to March 2004 suggests the Group is on track to achieve its financial targets and market conditions continue to look satisfactory.

The board is confident that the Group has an exciting future and opportunity for sustained growth.

S P Nicholson, Chairman
15 June 2004

Event figures

	2004	2003
No of Conferences	40	2
No of Forums	8	3
	£m	£m
Revenues	4.1	1.1

The executive management forums business continue to expand, and the acquisition of Vision in Business promises new opportunities in the conferencing sector

Directors' Report

For the year ended 31 March 2004

The directors present their report and Group financial statements for the year ended 31 March 2004.

Name

The Company changed its name to SPG Media Group plc from Sterling Publishing Group plc by special resolution passed at an extraordinary general meeting of shareholders held on 29 January 2004.

Principal activities

The principal activity of the Group is to support its customers in achieving their marketing objectives by bringing buyers and sellers together through print media, on websites and at events.

Results and dividends

The Group adjusted operating profit before interest, exceptional items and tax for the year was £0.07 million (2003: loss £0.22 million), the operating loss was £1.45 million (2003: loss £0.90 million). The loss attributable to shareholders was £1.48 million (2003: £1.78 million).

No interim dividend was paid and the directors do not recommend payment of a final dividend.

The retained loss transferred from reserves was £1.48 million (2003: £1.78 million).

Business review and future prospects

A review of the business is set out in the Chairman's Statement on pages 4 to 7.

Share capital and substantial interests

Details of the company's share capital are set out in Note 23. As at 15 June 2004 the directors had been notified of the following interests in the company's ordinary share capital:

Percentage ordinary shares owned

Utilico Investment Trust plc	29.38%
INVESCO English and International Trust plc	6.41%
Herald Investment Trust	5.93%

Directors and directors' interests

The current directors of the Company together with biographical details appear on page 1. In addition the following served as directors during the year – LS Garman (resigned 5 September 2003), KE Turner (resigned 8 December 2003), SE Kesseler (resigned 24 March 2004) and DRW Harrison (resigned 31 March 2004).

The interests of the directors in the share capital of the company, all of which are beneficial, are as follows:

	31 March 2004	1 April 2003 or date of appointment
SP Nicholson	462,500	312,500
DS Watson	502,500	502,500
RP Corbett	200,000	100,000
CJM Haines	437,500	362,500
SJ Davidson	150,000	150,000

The interests of directors in the options over the ordinary share capital of the Company are set out on page 15.

Interests in Transactions

No contracts subsisted during the year in which a director had a material interest.

Re-election of directors

Mr RP Corbett and Mr DS Watson retire by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election. Mr SP Nicholson and Mr SJ Davidson, having been appointed directors during the year, also stand for re-election.

Creditor payment policy

It is the Company's policy that payments to suppliers are made in accordance with agreed terms provided that the supplier also complies with all relevant terms and conditions. The company's trade creditors at 31 March 2004 were equivalent to four days of purchases during the year ended on that date (2003: 137 days).

Charitable donations

The Group made no charitable donations in the year (2003: £ 1,000).

Annual General Meeting

Full details of the anual general meeting to be held on 30 July 2004 and an explanation of the special business to be discussed appear in the notice of the annual general meeting.

Disabled Employees

It is the policy of the Group to support the employment of disabled persons where possible, both in recruitment and by the retention of employees who become disabled whilst in the employment of the Group, as well as generally through training and career development.

Employment Policies

The Group's employment policies, including the commitment to equal opportunities, are designed to attract, retain and motivate the very best staff regardless of sex, race, religion or disability. Good and effective employee communications are particularly important, and it is the Group's policy to promote the understanding and involvement of all its employees in the Group's business aims and performance.

The Group encourages the participation of staff in the generation of fresh business ideas. The Group actively promotes from within and solicits contributions from all its staff for improvements. Regular meetings are held between staff and management to encourage the interchange of ideas.

Corporate Governance Report

The Company is committed to high standards of corporate governance. This statement describes how the Board has applied the principles of good governance set out in the Combined Code (the code) issued by the Hampel Committee on Corporate Governance. The Code is part of the listing rules of the Financial Services Authority. It applied to the Company throughout the year under review and up to the approval of the annual report.

In July 2003 the Financial Reporting Council revised the Code based on the reports of Mr Derek Higgs and Sir Robert Smith. The Revised Code is not applicable to the Company in the year under review, but the Company will review its procedures to enable the Board to report under the Revised code for the year beginning 1 April 2004.

The paragraphs below and in the Remuneration Report set out how the Company has applied the principles laid down by the Code. The Company has substantially complied with the provisions of the Code, except where stated below.

The Board

As executive chairman Mr Nicholson is responsible for running both the Board and the Group's business. However from 24 March to the date of this report the Board comprised five directors, of whom three are non-executive directors and under the leadership of Mr Nicholson they have, in the Board's view, the ability and authority to ensure the combination of roles does not work to the disadvantage of the Group or its shareholders. The senior independent non-executive director is Mr CJM Haines.

The Board meets at least ten times a year and there is a formal schedule of matters reserved for the consideration of the Board. The Company Secretary ensures that the Board and its committees are supplied with papers to enable them to consider matters in good time for meetings and to enable them to discharge their duties. Procedures are in place for the directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense, as required under the code.

The executive chairman is responsible for the running of the Board and determining strategy whilst the divisional managing directors are responsible for the day to day running of the Group's businesses. The Board meets regularly and exercises control over the Group, in particular by measuring current and anticipated performance and by deciding strategic issues.

The non-executive directors will be meeting without the executive directors in order to evaluate the performance of the Board, its committees and the individual directors. However, no such meetings were held during the financial year ended 31 March 2004.
All directors are required to stand for re-election at least once every three years.

The Board has established a number of committees with mandates to deal with specific aspects of its business.

Nominations Committee

In August 2003 the Board set up a separate Nominations Committee and therefore only complied with code provision A4.1 from this date. The Committee has written terms of reference and meets to consider appointments to the Board. The members of the Committee are SP Nicholson (chairman), CJM Haines and SJ Davidson.

Audit Committee

The Audit Committee, comprising RP Corbett (chairman), CJM Haines and SJ Davidson, has specific terms of reference which deal with its authority and duties. It meets at least twice a year with the external auditors attending by invitation.

The Committee is responsible for reviewing the Interim Report and the Annual Report and Accounts and it oversees the controls necessary to ensure the integrity of the financial information reported to shareholders. The Audit Committee discusses the nature, scope and findings of the audit with the external auditors.

The Audit Committee monitors the independence of the external auditors. The Committee is also responsible for considering the appointment or re-appointment of the external auditors and the audit fee. The Company does not have an established internal audit function due to the Group's current size and structure. The Audit Committee reviews the need for an internal audit function annually in line with the Code.

Remuneration Committee

The Remuneration Committee comprises CJM Haines (chairman), RP Corbett and SJ Davidson, and has written terms of reference. It considers all changes to the remuneration of the Executive Directors, details of which are set out in the Remuneration Report.

The Committee has, during the year, held a number of meetings with external remuneration advisors resulting in the introduction of the 2003 Executive Share Option Scheme which was approved at the annual general meeting on 28 July 2003.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal controls and for monitoring its effectiveness. However, such a system is 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 or loss.

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

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group was put in place in 2001. This has included a review of the risks and prioritisation of those risks identified for further action. That process is regularly reviewed by the Board and accords with the internal control guidance for the directors on the Combined Code produced by the Turnbull Working Party.

The Board meets regularly throughout the year and has formally adopted a schedule of matters which are required to be brought to it for discussion. This ensures that the directors maintain overall control over all significant strategic, financial, operational and compliance issues. The Board has delegated to the finance director the responsibility for establishing a system of internal control appropriate to the business environments in which the Group operates.

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

Financial information. The Group has a comprehensive system for reporting financial results to the board; monthly results are prepared for each operating unit with a comparison against budget. The Board reviews these for the Group as a whole and determines appropriate action.

Quality and integrity of personnel. The Group has clear external recruitment procedures, training as appropriate and published Group policies.

Operating unit financial controls. Key controls over major financial risks include reviews against performance indicators and exception reporting. The operating units make regular assessments of their exposure to major financial risks and the extent to which these risks are controlled.

Computer systems. The Group has established appropriate controls over the security of data held on computer systems and has put in place disaster recovery arrangements.

Control over central functions. A number of the Group's key functions, including treasury and taxation, are dealt with centrally and are required to report to the board on a monthly basis.

The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2004 and has taken account of material developments which have taken place since the year end.

Shareholder relationships

The company is active in communicating with both its institutional and private shareholders. All shareholders have at least 20 working days' notice of the Annual General Meeting at which directors are introduced and available for questions.

Non-audit services provided by external auditors

In order to maintain the independence of the external auditors, the Board has determined that non-audit work will not be offered to the external auditors unless there are clear efficiencies and value-added benefits to the company. During the year the auditors provided non-audit services to a value of £nil.

Health and Safety

It is the policy of the Group to conduct all business activities in a responsible manner free from recognised hazards and to respect the environment, health and safety of its employees, customers, suppliers, partners, neighbours and the community at large.

Going concern

After making relevant enquiries the Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Report by the Board to shareholders on Directors' Remuneration

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of directors' remuneration in respect of periods ending on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Regulations require the auditors to report to the Company's members on the "auditable part" of the directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

A. Unaudited Information

The Remuneration Committee

The Remuneration Committee consisted of CJM Haines (chairman), RP Corbett and SJ Davidson. In the matters to be decided, members have no personal financial interests, other than as shareholders, nor are they involved in the day-to-day running of the business. The committee consults the executive chairman about its proposals and has taken advice during the year from New Bridge Street Consultants who were appointed by the committee to advise on remuneration generally and on the introduction of a new share option scheme and who provided no other services to the Company.

Best practice

The Company complied throughout the year with Section A of the best practice provisions on directors' remuneration annexed to The London Stock Exchange Listing Rules. In framing its remuneration policy the committee has also given full consideration to all of the matters referred to in Section B of the best practice provisions.

Director's remuneration policy

Executive directors' and senior executives' remuneration
In assessing all aspects of pay and benefits the committee compares packages offered by similar companies. These companies are chosen having regard for the company's size, diversity and complexity.

Executive remuneration packages are designed to attract, motivate and retain directors and senior executives, and to reward them for delivering to predetermined targets and for enhancing long-term value to shareholders.

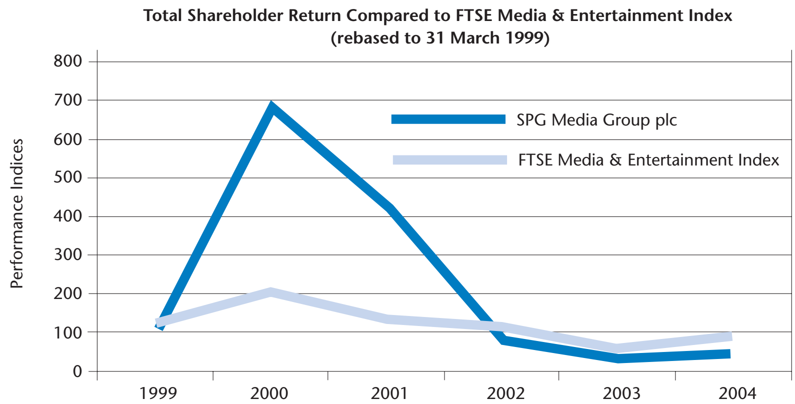
The main elements of the remuneration package for executive directors are:

- Basic annual salary
  Salaries are reviewed annually but the committee does not automatically grant an increase.
- Long-term incentive arrangements
  Long-term incentives are achieved by aligning directors' and shareholders' interests through shares held under options and the annual bonus plan, both of which include performance criteria linked to growth in earnings per share.
- Performance bonuses
  For the year commencing 1 April 2003 the committee introduced a bonus arrangement for the executive directors, which provides for a bonus equal to 10% of salary for the achievement of agreed budgets and a further 8% of salary for each 10% by which actual results exceed budget but capped at 50% of salary.
- Other benefits
  These include a car allowances, mobile telephones, medical cover for the director and immediate family and contributions to personal pension plans.

Non-executive directors' remuneration

All non-executive directors have letters of appointment and their remuneration is determined by the Board having regard to the level of fees for similar companies. Non-executive directors cannot participate in any of the Company's share option schemes unless they were granted options while holding an executive position. Non-executive directors are not entitled to any contribution in respect of pensions.

Performance graph



The above chart shows the performance of the Group for the five years ended 31 March 2004 by comparing Total Shareholder Return for the Company against comparative performance of the FTSE Media Index rebased to 31 March 1999. In the opinion of the directors this comparison is the most appropriate in judging the relative performance of the Group from a shareholder perspective.

Directors' service agreements

It is the Group's policy that directors should not have service agreements with notice periods capable of exceeding 12 months. The existing service agreements have neither fixed terms nor contractual termination payments but do have fixed notice periods. Non-executive directors have letters of appointment with the Company. Details of the service agreements or letters of appointment are as follows:

	Agreement date	Notice period
Executive		
SP Nicholson	1 December 2003	12 months
DS Watson	5 June 1997	12 months
Non executive		
CJM Haines	26 November 2001	6 months
RP Corbett	25 June 1999	6 months
SJ Davidson	12 February 2004	1 month

Mr CJM Haines has agreed to a notice period of one month with effect from 1 July 2004.

B. Audited Information

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	2004 £'000	2003 £'000
Emoluments	494	659
Money purchase pension contributions	43	50
Compensation for loss of office	479	-
Total	1,016	709

Directors' emoluments

	2004 Salary and fees £'000	2004 Compensation for loss of office £'000	2004 Bonus £'000	2004 Pension £'000	2004 Other benefits £'000	2004 Total £'000
Executive directors						
SP Nicholson	57*	-	-	-	-	57
DS Watson	110	-	-	21	1	132
SE Kesseler	122	198	-	14	15	349
LS Garman	88	270	18	8	8	392
Non-executive directors						
CJM Haines	33	-	-	-	-	33
RP Corbett	15	-	-	-	-	15
SJ Davidson	2	-	-	-	-	2
DRW Harrison	15	3	-	-	-	18
KE Turner	10	8	-	-	-	18
Total remuneration	452	479	18	43	24	1,016

*Payment in respect of period since joining the Board, Mr Nicholson's annual salary is £170,000. In addition to the above amounts £83,625 was paid to Mr Nicholson in respect of his services to the Group prior to him joining the board on 1 December 2003.

	2003 Salary and fees £'000	2003 Compensation for loss of office £'000	2003 Bonus £'000	2003 Pension £'000	2003 Other benefits £'000	2003 Total £'000
Executive directors						
SE Kesseler	135	-	41	13	15	204
LS Garman	164	-	41	16	21	242
DS Watson	107	-	32	21	2	162
Non-executive directors						
DRW Harrison	15	-	-	-	-	15
CJM Haines	56	-	-	-	-	56
RP Corbett	15	-	-	-	-	15
KE Turner	15	-	-	-	-	15
Total remuneration	507	-	114	50	38	709

Pension arrangements

There is no company-managed pension scheme but the Group operates a defined contribution group personal pension scheme as well as making contributions to other individuals' personal pension schemes. The assets of all these schemes are held separately from those of the Group and in independently administered funds. The pension cost charge represents contributions payable by the Group to these funds and during the year amounted to £144,000 (2003: £98,000) including £43,000 (2003: £50,000) on behalf of the executive directors.

Share option schemes

The Company currently has four options schemes for directors and other employees each of which is controlled by the Remuneration Committee. The schemes are as follows:

(i) Sterling Publishing Group 1996 Approved Share Option Scheme ("Approved Scheme")

Under the terms of the Approved Scheme, options may only be exercised provided the average annual growth in earnings per share over a three-year period exceeds inflation by at least 2%.

As at 31 March 2004 there were options in force over 948,100 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
79,600	28 Jul 1997	22.50	28 Jul 2000	27 Jul 2007
75,000	19 Dec 1997	18.50	19 Dec 2000	18 Dec 2007
200,000	07 Jul 1998	15.00	07 Jul 2001	06 Jul 2008
95,000	06 Jul 1999	33.00	06 Jul 2002	05 Jul 2009
238,500	15 Dec 1999	76.50	15 Dec 2002	14 Dec 2009
260,000	20 Dec 2002	11.25	20 Dec 2005	19 Dec 2012

(ii) Sterling Publishing Group 1990 Unapproved Share Option Scheme ("Unapproved Scheme")

There are no performance criteria under the terms of the Unapproved Scheme.

As at 31 March 2004 there were options in force over 1,783,700 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
93,700	14 Jan 1997	28.50	14 Jan 2000	13 Jan 2007
210,000	19 Dec 1997	18.50	19 Dec 2000	18 Dec 2007
125,000	06 Jul 1999	33.00	06 Jul 2002	05 Jul 2009
1,195,000	07 Jul 2000	132.50	07 Jul 2003	06 Jul 2010
160,000	24 Nov 2000	135.00	24 Nov 2003	23 Nov 2010

(iii) Sterling Publishing Group 2000 Unapproved Share Option Scheme ("2000 Scheme")

The 2000 Scheme was approved by shareholders on 10 March 2000.The sole purpose of the scheme was to grant options by way of compensation for rights given up under the long-term incentive plan. The options were exercisable as to 40% immediately, 35% after one year (10 March 2001) and 25% after two years (10 March 2002). 50% of the share options are subject to a requirement that average earnings per share over a three-year period exceed inflation by at least 2%. Provision also exists for option holders to receive the cash equivalent of the excess of the market price of shares over the option exercise price in the event of a general offer for the shares in the Company. No further options may be granted under this scheme.

As at 31 March 2004 there were options in force over 8,000,000 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
8,000,000	10 March 2000	116.50	See above	31 May 2008

(iv) Sterling Publishing Group 2003 Share Option Scheme ("2003 Scheme")

The 2003 Scheme was approved by shareholders on 28 July 2003.

The options granted on 9 December 2003 are subject to the requirement that earnings per share grow at an annual rate of RPI + x% based on a notional earnings per share for the year ended 31 March 2003 of 1.5p. Where the market value of options granted is less than or equal to 50% of salary x is equal to 5% and to the extent that the market value of options granted exceeds 50% of salary x is equal to 8%.

As at 31 March 2004 there were options in force over 3,080,774 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
3,080,774	9 Dec 2003	13.25p	9 Dec 2006	8 Dec 2013

Share options for directors

The following table shows the details of options in force for each of the directors of the Company who served during the year:

	Scheme	Exercise price (pence)	Date of grant	Number at 1 April 2003	Granted	Exercised	Number at 31 March 2004
Executive							
SP Nicholson	(iv)	13.25p	9 Dec 2003	-	1,000,000	-	1,000,000
				-	**1,000,000**	-	**1,000,000**
DS Watson	(ii)	18.50p	19 Dec 1997	50,000	-	-	50,000
	(iii)	116.50p	10 Mar 2000	1,333,335	-	-	1,333,335
	(iv)	13.25p	9 Dec 2003	-	450,000	-	450,000
				1,383,335	**450,000**	-	**1,833,335**
SE Kesseler	(ii)	28.50p	14 Jan 1997	93,700	-	-	93,700
	(ii)	18.50p	19 Dec 1997	100,000	-	-	100,000
	(iii)	116.50p	10 Mar 2000	3,333,330	-	-	3,333,330
	(iv)	13.25p	9 Dec 2003	-	765,774	-	765,774
				3,527,030	**765,774**	-	**4,292,804**
LS Garman	(ii)	18.50p	19 Dec 1997	60,000	-	-	60,000
	(iii)	116.50p	10 Mar 2000	2,000,000	-	-	2,000,000
				2,060,000	-	-	**2,060,000**
Non-executive							
CJM Haines	(ii)	33.00p	6 Jul 1999	125,000	-	-	125,000
	(iii)	116.50p	10 Mar 2000	1,333,335	-	-	1,333,335
				1,458,335	-	-	**1,458,335**

No options over ordinary shares were exercised during the year. The market price of the ordinary shares at 31 March 2004 was 12p and the range during the year was 5¾p to 16½p.

Long-term incentive arrangements for directors

A long-term incentive plan (the "Plan") was approved by shareholders in July 1998. On 10 March 2000 two-thirds of these rights were given up as part of the introduction of the 2000 Unapproved Share Option Scheme.

Amounts due under the Plan are determined by reference to the average middle market quotation of the ordinary shares for the ten dealing days following the announcement of the annual results subject to a cap of 30 times the IIMR earnings per share. Sums due are payable up to 30 days thereafter subject to the requirement for the average growth in IIMR earnings per share over a three-year period to exceed inflation by at least 2%. Rights under the Plan expire on 31 May 2008.

Rights over notional shares with a notional base price at 1 April 2003 and 31 March 2004 of 100p were in force under the Plan for those directors who served during the year as follows:

	Number of notional shares		
	1 April 2003	**Lapsed**	**31 March 2004**
DS Watson	133,333	-	133,333
CJM Haines	133,333	-	133,333
SE Kesseler	333,334	(333,334)	-
LS Garman	200,000	(200,000)	-

No amounts are due under the terms of the Plan in respect of the year ended 31 March 2004 (2003: £ nil).

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company, and of the Group, as at the end of the financial year and of the profit or loss of the Group for that period.

The directors consider that in preparing the accounts, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Directors are required to state whether applicable accounting standards have been followed and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for the system of internal control, for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

On 1 August 2003, Deloitte & Touche, the Group's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies Act 1989. Deloitte & Touche LLP has expressed its willingness to continue in office as auditors and a resolution to re-appoint Deloitte & Touche LLP as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board

DS Watson, Secretary
15 June 2004

Independent Auditors' Report to the Members of SPG Media Group plc (formerly Sterling Publishing Group plc)

We have audited the financial statements of SPG Media Group Plc for the year ended 31 March 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of 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 auditors' 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

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 described as having been 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 Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, 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 directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and 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 United Kingdom 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 described as having been 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 circumstances of the Company and the Group, 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 described as having been 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 described as having been 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 March 2004 and of the loss of the Group for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors, London
15 June 2004

Consolidated Profit and Loss Account

For the year ended 31 March 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	23,951	24,709
Cost of sales		(12,992)	(13,134)*
Gross profit		10,959	11,575
Distribution costs		(926)	(947)
Administrative expenses		(11,478)	(11,531)*
Operating profit/(loss) before exceptional items		72	(221)
Exceptional items	5	(1,517)	(682)
Operating loss	3	(1,445)	(903)
Finance charges – net	6	(37)	(263)
Loss on ordinary activities before taxation		(1,482)	(1,166)
Tax on loss on ordinary activities	7	-	(607)
Loss on ordinary activities after taxation for the financial year		(1,482)	(1,773)
Dividends – non-equity	8	-	(10)
Loss attributable to equity shareholders transferred from reserves		(1,482)	(1,783)
Basic loss per share – net basis	9	(1.76)p	(2.16)p
Diluted loss per share – net basis	9	(1.76)p	(2.16)p

Both years' results derive from continuing operations.

There are no recognised gains or losses other than those recorded in the profit and loss account.

* Certain disclosures have been reclassified to be consistent with the current year treatment – see note 3.

Consolidated Balance Sheet

As at 31 March 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Intangible assets			
Goodwill	10	1,684	2,342
Other	10	3,432	3,932
Tangible assets	11	3,038	3,553
Investments in own shares	12	145	86
		8,299	9,913
Current assets			
Stocks and work-in-progress	14	4,496	4,149
Debtors	15	5,940	7,002
Cash at bank and in hand		103	255
		10,539	11,406
Creditors – amounts falling due within one year	17	(8,611)	(9,088)
Net current assets		1,928	2,318
Total assets less current liabilities		10,227	12,231
Creditors – amounts falling due after more than one year	18	-	(307)
Provisions for liabilities and charges	19	(1,179)	(1,088)
Net assets		9,048	10,836
Capital and reserves			
Called up share capital	23	4,293	4,223
Share premium account	24	7,262	7,231
Shares to be issued	23	-	407
Capital redemption reserve	24	7,874	7,874
Other reserves	24	733	733
Profit and loss account	24	(11,114)	(9,632)
Shareholders' funds	25	9,048	10,836

Consolidated Cash Flow Statement

For the year ended 31 March 2004

	Notes	2004 £'000	2003 £'000
Net cash inflow from operating activities	28	2,199	3,080
Returns on investments and servicing of finance			
Interest received		8	17
Interest paid		(44)	(89)
Dividends paid – non-equity		-	(30)
Interest element of finance lease payments		(9)	(38)
Taxation			
UK Corporation tax recovered		-	336
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(549)	(1,224)
Acquisitions and disposals			
Payment to acquire subsidiary undertaking		(87)	(316)
Cash acquired with subsidiary undertaking		-	65
Equity dividends paid		-	(83)
Cash inflow before financing		1,518	1,718
Financing			
Capital element of finance lease payments		(152)	(203)
Redemption of preference shares		-	(717)
Decrease in net debt in the year	29	1,366	798
Reconciliation of net cash flow to movement in net debt			
Decrease in net debt in the year		1,366	798
Cash outflow from lease financing		152	203
Change in net debt resulting from cash flow		1,518	1,001
Opening net debt		(1,859)	(2,860)
Closing net debt	29	(341)	(1,859)

Company Balance Sheet

As at 31 March 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	11	-	2
Investments in own shares	12	145	86
Investments in subsidiary undertakings	13	33,680	33,958
		33,825	34,046
Current assets			
Debtors	15	5,496	1,673
Creditors – amounts falling due within one year	17	(11,601)	(7,440)
Net current liabilities		(6,105)	(5,767)
Total assets less current liabilities		27,720	28,279
Creditors – amounts falling due after more than one year	18	-	(307)
Provisions for liabilities and charges	19	(170)	(197)
Net assets		27,550	27,775
Capital and reserves			
Called-up share capital	23	4,293	4,223
Share premium account	24	7,262	7,231
Shares to be issued	23	-	407
Capital redemption reserve	24	7,874	7,874
Other reserves	24	1,701	1,701
Profit and loss account	24	6,420	6,339
Shareholders' funds	25	27,550	27,775

These financial statements were approved by the Board of Directors on 15 June 2004.

Derek Watson

Director

Notes to the Accounts

1. Statement of Accounting Policies

The significant accounting policies applied in preparing the financial statements are as follows:

a Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards on a basis consistent with the previous year.

b Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiary undertakings drawn up to 31 March each year. No profit and loss account is presented for the Company as provided by s230 of the Companies Act 1985.

c Acquisitions

On the acquisition of a business fair values are attributed to the Group's share of separable net assets. Where the cost of acquisition exceeds the fair values attributable to such net assets the difference is treated as purchased goodwill and is capitalised in the Group balance sheet in the year of acquisition and acquisitions are accounted for under the acquisition method.

Cost of acquisition includes deferred consideration to the extent that it is considered probable that it will become due.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition.

d Turnover

Turnover comprises amounts derived from services performed or advertisements published by the Group during the year. Print media revenue is recognised on publication, event revenue in the period in which the event is held and website revenues on a straight-line basis over the contract term.

e Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided over five years on a straight-line basis on fixtures, fittings and other equipment. Short leasehold premises are amortised over the terms of the leases.

f Intangible fixed assets and Publishing Rights

Publishing rights and other intangible fixed assets acquired are stated at cost or fair value at the date of acquisition and are not revalued. The directors consider that the assets have an indefinite useful economic life and therefore amortisation is not provided. The intangible fixed assets and publishing rights are subject to an annual impairment review and any impairment of value is written off against profits. No value has been attributed to internally generated titles.

g Goodwill

Goodwill, being the excess of the consideration paid over the fair value attributed to net assets acquired, is capitalised and amortised through the profit and loss account over its estimated useful life, not exceeding 20 years. The directors regard 20 years as a reasonable estimate of the useful economic life of goodwill since it is difficult to make projections beyond this period. Provision is made for any impairment.

h Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment in their value. Loans to subsidiary undertakings, which are of a long-term nature, are included as part of the Company's investment in subsidiary undertakings.

i Investments in own shares

Shares in the Company held by the SPG Media Group Plc employee benefit trust are included under investments in own shares. The shares are recorded at their middle market value at the year end date and any gain or loss is included under interest payable or receivable as appropriate.

j Leased assets

Assets acquired under finance leases are capitalised as tangible fixed assets and depreciated in accordance with the Group's normal accounting policies. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable relating to all other leases are charged to the profit and loss account in equal amounts over the term of the lease.

k Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

l Stocks and work-in-progress

Costs incurred relating to unpublished material and deferred revenue at the year end, including attributable overheads, are treated as work-in-progress which is valued at the lower of cost and net realisable value.

m Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

n Pensions

The Group's contributions to the pension schemes for its employees, all of which are defined contribution schemes, are charged against profits in the year they fall due.

2. Segmental Information

Geographical analysis of turnover by destination:

	2004 £'000	2003 £'000
UK	5,329	5,284
USA	5,773	5,766
Europe (other than UK)	10,625	11,795
Other	2,224	1,864
	23,951	24,709

The comparative figures have been restated following a review of the classification of the underlying data.

3. Operating loss

Operating loss is stated after charging the following amounts:

	2004 £'000	2003 £'000
Staff costs (including directors)		
Wages and salaries	13,009	11,816
Social security costs	1,318	1,135
Other pension costs	144	98
	14,471	13,049
Depreciation, amortisation and impairment		
Owned assets	991	935
Assets held under finance leases	73	73
Amortisation of goodwill	133	69
Impairment of intangible assets	500	-
Auditors' remuneration		
Audit services – statutory audit	71	64
Further assurance services – tax advisory services	-	19
Other services	-	3
Operating lease rentals		
Land and buildings	888	911
Plant and machinery	332	230

Information regarding directors' remuneration, share options, bonuses and pension contributions are set out in the report of the Board to the shareholders on remuneration on pages 11 to 15.
Included in the audit fee above are fees in respect of the audit of the Company and consolidation of £29,000 (2003: £26,000).
The prior year cost of sales has been increased, and the administrative costs deceased, by £719,000 as a result of the reclassification of certain cost headings. There is no impact on the retained loss for the year.

4. Number of Employees

The average monthly number of persons, including executive directors, employed by the Group during the year was as follows:

	2004 Number	2003 Number
Sales	264	289
Production, editorial and administrative	156	149
Total	420	438

5. Exceptional Items

The following exceptional items are included in administrative expenses:

	2004 £'000	2003 £'000
Property provision	340	682
Redundancy costs	677	-
Impairment of intangible fixed asset	500	-
	1,517	682

The property provision represents the additional charge required in respect of non-operational properties held by the Group. Redundancy costs were incurred during the year as part of a restructuring of the management team. The impairment charge is in respect of the carrying value of the Debrett's brand.

6. Finance charges – net

	2004 £'000	2003 £'000
Interest on bank loans and overdrafts repayable within five years	44	89
Interest on finance leases	9	38
Unwinding of discount on provisions	51	54
Amounts written off investments in own shares	-	99
	104	280
Interest receivable and other income	8	17
Credit arising in respect of investments in own shares	59	-
	67	17
	37	263

7. Tax on Loss on Ordinary Activities

	2004 £'000	2003 £'000
United Kingdom corporation tax at 30% (2003: 30%)	-	-
Deferred taxation (see note 16)	-	607
	-	607

The current year tax can be reconciled to tax at the standard rate of 30% as follows:

	2004 £'000	2003 £'000
Loss on ordinary activities before taxation	(1,482)	(1,166)
Corporation tax at 30% (2003: 30%)	(445)	(350)
Effects of:		
Expenses not deductible for tax purposes	74	12
Depreciation of eligible assets in excess of capital allowances	11	46
Losses carried forward	207	271
Provision against own shares	(18)	30
General bad debt provisions	(19)	(30)
Amortisation of goodwill	40	21
Impairment of intangible fixed asset	150	-
Adjustments to previous years	40	
Current tax charge for the year	-	-

8. Dividends

	2004	2003
Non-equity	£'000	£'000
8.25% convertible cumulative redeemable second preference shares	-	10

9. Earnings per Share

The loss per share of 1.76p (2003: loss 2.16p) and the diluted loss per share of 1.76p (2003: loss 2.16p) have been calculated based on the attributable loss to shareholders for the financial year of £1,482,000 (2003: loss £1,773,000) plus preference dividends of £nil (2003: £10,000).

The weighted average number of shares in issue during the year, excluding those held by the SPG Media Group employee benefit trust, were:

	2004 '000	2003 '000
Basic	84,096	82,570
Share option adjustment	21	-
Shares to be issued	-	69
Diluted	84,117	82,639

FRS14 requires the presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. Where a company is reporting a net loss and there are outstanding share options the net loss per share could only be increased by the exercise of out-of-the-money options. Since it is inappropriate to assume that option holders would act irrationally no adjustment has been made to the diluted loss per share for out-of-the-money options.

10. Intangible Fixed Assets

	Goodwill £'000	Publishing rights and other intangible fixed assets £'000	Total £'000
Cost			
At 1 April 2003	2,831	11,139	13,970
Adjustment	(525)	-	(525)
At 31 March 2004	2,306	11,139	13,445
Amortisation			
At 1 April 2003	489	7,207	7,696
Charge for the year	133	-	133
Impairment charge	-	500	500
At 31 March 2004	622	7,707	8,329
Net book amount			
At 31 March 2004	1,684	3,432	5,116
At 31 March 2003	2,342	3,932	6,274

The adjustment to the cost of goodwill represents the release of contingent consideration no longer payable in respect of a prior year's acquisition. Goodwill is being amortised over a period of 20 years.

11.Tangible Fixed Assets

Group

	Short-term leasehold premises	Fixtures, fittings, vehicles and other equipment		
		Owned	Held under finance leases	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2003	1,436	4,460	366	6,262
Additions	33	516	-	549
Reclassification	-	366	(366)	-
Disposals	(573)	(499)	-	(1,072)
At 31 March 2004	896	4,843	-	5,739
Depreciation				
At 1 April 2003	767	1,801	141	2,709
Charge for the year	126	865	73	1,064
Reclassification	-	214	(214)	-
Disposals	(573)	(499)	-	(1,072)
At 31 March 2004	320	2,381	-	2,701
Net book amount				
At 31 March 2004	576	2,462	-	3,038
At 31 March 2003	669	2,659	225	3,553

Company

	Fixtures, fittings and equipment £'000
Cost	
At 1 April 2003	101
Disposals	(2)
At 31 March 2004	99
Depreciation	
At 1 April 2003	99
Charge for the year	2
Disposals	(2)
At 31 March 2004	99
Net book amount	
At 31 March 2004	-
At 31 March 2003	2

12. Investments in Own Shares

The investment in own shares comprises 1,214,395 (2003: 1,214,395) ordinary shares of 5p each in the Company, representing 1.4% of the issued ordinary share capital, with an original cost of £1,755,000, held by the SPG Media Group employee benefit trust as a hedge against employers' NIC on unapproved options. The trust has waived its entitlement to dividends on these shares.

	2004 £'000	**2003 £'000**
Market value at beginning of year	86	185
Amounts written back/(off) in the year	59	(99)
Market value at end of year	145	86

13. Investments in Subsidiary Undertakings

Investments, which are stated at cost, represent shares in Group companies. No provision has been made for impairment. The Company owns all of the issued ordinary and 5% non-cumulative preference share capital of SPG Media Limited, and all of the issued ordinary share capital of Quasar International Communications Limited, Winthrop Publications Limited, Cornhill Publications Limited, Debrett's Limited, Net Resources International Limited, Vision in Business International Limited and SPG Media Private Limited. All of the trading subsidiaries are involved in business-to-business communication.

All of the above companies are incorporated in and operate in Great Britain and are registered in England and Wales, other than SPG Media Private Limited which is incorporated in and operates in India.

14. Stocks and Work-in-Progress

	Group	
	2004 £'000	**2003 £'000**
Costs attributable to unpublished orders and deferred revenues	4,496	4,149

15. Debtors

	Group		Company	
	2004 £'000	**2003 £'000**	**2004 £'000**	**2003 £'000**
Trade debtors	4,819	6,249	-	-
Amounts owed by Group undertakings	-	-	5,464	1,558
Other debtors	728	5	32	115
Prepayments and accrued income	393	748	-	-
	5,940	7,002	5,496	1,673

Amounts owed by Group undertakings are repayable on demand and are non interest bearing.

16. Deferred Taxation

Movements on deferred taxation in the year were as follows:

	Group	
	2004 £'000	**2003 £'000**
As at beginning of year	-	607
Charge to profit and loss account	-	(607)
As at end of year	-	-

There was a deferred tax asset not recognised at the end of the year comprising:

	Group	
	2004 £'000	**2003 £'000**
Provision against own shares	483	501
General bad debt provisions	130	97
Capital allowances in excess of depreciation of eligible fixed assets	(17)	(25)
Losses carried forward	549	351
As at end of the year	1,145	924

17. Creditors – Amounts falling due within one year

	Group		Company	
	2004 £'000	**2003 £'000**	**2004 £'000**	**2003 £'000**
Bank overdraft (secured)	444	1,962	617	2,579
Obligations under finance leases	-	152	-	-
Trade creditors	328	959	5	67
Amounts owed to Group undertakings	-	-	9,865	3,698
Social security and other taxes	360	294	135	119
Other creditors	1,783	2,129	24	24
Accruals and deferred income	5,696	3,592	955	953
	8,611	9,088	11,601	7,440

The bank overdraft is secured by a debenture over the assets of the Group.
Amounts owed to Group undertakings are repayable on demand and are non interest bearing.

18. Creditors – Amounts falling due after more than one year

	Group		Company	
	2004 £'000	**2003 £'000**	**2004 £'000**	**2003 £'000**
Deferred consideration	-	307	-	307

19. Provisions for Liabilities and Charges

Certain leasehold properties that are not required for current operations are subject to leases under which the rent payable is in excess of current market rates. Provision has been made for the net present value of future residual lease commitments taking into account expected future lettings. The provision is expected to be utilised over the terms of the relevant leases.

	Future leasehold obligations	
	Group £'000	**Company £'000**
Balance at 1 April 2003	1,088	197
Utilised	(300)	(30)
Adjustment arising from discounting	51	9
Charge/(credit) for year – additional provision made	340	(6)
Balance at 31 March 2004	1,179	170

20. Financial Assets and Liabilities

Short-term debtors and creditors are not considered in this note as permitted under FRS13 "Derivatives and Financial Instruments". The Group operates mainly in sterling and has no material foreign currency exposure. The only financial assets held are cash deposits and current accounts where interest is earned by reference to base rates and the fair value is not materially different to the carrying value. The currency profile of these assets is as follows:

	2004 £'000	**2003 £'000**
Floating rate assets		
Euros	28	34
US dollars	72	221
Indian Rupees	3	-
	103	255

The Group's financial liabilities, which are denominated in sterling, comprise the bank overdraft, which bears interest at 1.5% over the bank base rate. The book values and fair values of the bank overdraft were as follows:

	2004		**2003**	
	Book value £'000	**Fair value £'000**	**Book value £'000**	**Fair value £'000**
Bank overdraft	444	444	1,962	1,962

The Company and its subsidiary undertakings operate within a Group banking facility under which there is a right of set-off of balances for each currency.

21. Obligations under finance leases

Obligations under finance leases net of finance charges allocated to future periods are as follows:

	Group		Company	
	2004 £'000	**2003 £'000**	**2004 £'000**	**2003 £'000**
Amounts due				
In one year or less or on demand	-	143	-	-

The weighted average effective annualised interest rate inherent in these leases is 9.1% with a maturity profile as shown above. The fair value of the obligations is not materially different from the book value.

22. Operating Leases

Minimum annual commitments payable under existing leases may be analysed by date of expiry as follows:

	2004 £'000	**2003 £'000**
Land and buildings		
Within one year	-	-
Between two and five years	24	-
After five years	1,035	911
Other		
Within one year	70	69
Between two and five years	115	161

23. Share Capital

	2004 Number '000	**2003 Number '000**	**2004 £'000**	**2003 £'000**
Authorised				
Ordinary shares of 5p each	223,754	223,754	11,188	11,188
6% convertible cumulative redeemable preference shares 2000 of £1 each	2,044	2,044	2,044	2,044
8.25% convertible cumulative redeemable second preference shares 2002 of £1 each	1,251	1,251	1,251	1,251
Redeemable deferred shares of 1p each	535,621	535,621	5,356	5,356
			19,839	19,839
Allotted and fully paid				
Ordinary shares of 5p each	85,857	84,468	4,293	4,223

Shares to be issued

During the year 1,388,888 ordinary shares of 5p each were issued at 7.2p as part consideration for the acquisition of a subsidiary undertaking acquired during the year ended 31 March 2003. This represented £100,000 of the shares to be issue at 31 March 2003. The balance of the shares to be issued represented contingent consideration that is no longer payable and, accordingly, this amount has been adjusted against intangible fixed assets.

Share options

Details of options granted over the Company's ordinary share capital are given in the Report of the Board to the Shareholders on Remuneration on pages 11 to 15.

24. Reserves

Group

	Capital redemption reserve £'000	**Share premium £'000**	**Other reserves £'000**	**Profit and loss account £'000**
As at 1 April 2003	7,874	7,231	733	(9,632)
Recognised loss for the year	-	-	-	(1,482)
Shares issued	-	31	-	-
As at 31 March 2004	7,874	7,262	733	(11,114)

Company

	Non-Distributable		Distributable	
	Capital redemption reserve £'000	**Share premium £'000**	**Other reserves £'000**	**Profit and loss account £'000**
As at 1 April 2003	7,874	7,231	1,701	6,339
Retained profit for the year	-	-	-	81
Shares issued	-	31	-	-
As at 31 March 2004	7,874	7,262	1,701	6,420

The amount of the profit /(loss) for the financial year dealt with in the accounts of SPG Media Group Plc is £81,000 (2003: loss £(127,000)).

25. Reconciliation of Movements in Shareholders' Funds

	Group		Company	
	2004 £'000	**2003 £'000**	**2004 £'000**	**2003 £'000**
Results attributable to shareholders	(1,482)	(1,773)	81	(127)
Ordinary shares issued	101	52	101	52
Ordinary shares to be issued	(407)	407	(407)	407
Redemption of preference shares	-	(717)	-	(717)
Dividends	-	(10)	-	(10)
Net change in shareholders' funds	(1,788)	(2,041)	(225)	(395)
Opening shareholders' funds	10,836	12,877	27,775	28,170
Closing shareholders' funds	9,048	10,836	27,550	27,775

26. Contingent Liabilities

The Company had no contingent liability in respect of bank borrowings of subsidiary companies at 31 March 2004 (2003: £ 72,000).

27. Capital Commitments

There were no capital commitments at 31 March 2004 or 31 March 2003.

28. Reconciliation of Operating loss to Net Cash Inflow from Operating Activities

In the table below positive amounts represent generation of cash and negative amounts cash utilisation.

	2004 £'000	**2003 £'000**
Operating loss	(1,445)	(903)
Amortisation of goodwill	133	69
Impairment of intangible fixed assets	500	-
Depreciation of tangible fixed assets	1,064	1,008
Stocks and work-in-progress	(347)	752
Debtors	1,062	2,915
Creditors	1,192	(1,049)
Provisions for liabilities and charges	40	288
Net cash inflow from operating activities	2,199	3,080

The exceptional items resulted in a net cash outflow of £677,000 (2003: £nil).

29. Analysis of Net Debt

	1 April 2003 £'000	**Cash Flow £'000**	**31 March 2004 £'000**
Cash in hand and at bank	(255)	152	(103)
Overdraft	1,962	(1,518)	444
	1,707	(1,366)	341
Finance lease obligations	152	(152)	-
Net debt	1,859	(1,518)	341

Five-Year Financial Summary

Years ended 31 March

Consolidated profit and loss account

	2000 £'000	2001 £'000	2002 £'000	2003 £'000	2004 £'000
Turnover	30,590	37,632	32,910	24,709	23,951
Operating profit before exceptional items	4,136	6,281	1,789	(221)	72
Exceptional items					
Provision against intangible fixed assets	-	-	(700)	-	(500)
Redundancy costs	-	-	-	-	(677)
Property provision	-	-	(529)	(682)	(340)
Interest and similar items	(19)	(760)	(954)	(263)	(37)
Profit/(loss) before tax	4,117	5,521	(394)	(1,166)	(1,482)
Taxation	(1,101)	(1,816)	(152)	(607)	-
Profit/(loss) for the financial year	3,016	3,705	(546)	(1,773)	(1,482)
Dividends	(917)	(957)	(225)	(10)	-
Finance (debit)/credit on repurchase of non-equity shares	(6)	-	-	-	-
Transfer to/(from) reserves	2,093	2,748	(771)	(1,783)	(1,482)
Basic earnings/(loss) per share – continuing operations	3.45p	4.41p	(0.73)p	(2.16)p	(1.76)p
Dividends per ordinary share	0.90p	1.05p	0.20p	-	-

Consolidated balance sheet at 31 March

	2000 £'000	2001 £'000	2002 £'000	2003 £'000	2004 £'000
Intangible fixed assets	9,266	5,823	5,057	6,274	5,116
Tangible fixed assets	1,564	2,776	3,291	3,553	3,038
Investment in own shares	1,054	989	185	86	145
Net working capital	3,917	8,025	7,950	4,177	2,269
Deferred consideration	(4,923)	(681)	-	(307)	-
Provisions for liabilities and charges	(280)	(250)	(746)	(1,088)	(1,179)
	10,598	16,682	15,737	12,695	9,389
Shareholders' funds	11,788	13,619	12,877	10,836	9,048
Net (cash)/debt	(1,190)	3,063	2,860	1,859	341
	10,598	16,682	15,737	12,695	9,389

All amounts are restated for changes in accounting policies.